



MAJ INVEST EQUITY 5 K/S

Annual report 2022

CONTENTS

STATEMENTS

| | |
|------------------------------|---|
| Statement by management | 3 |
| Independent auditors' report | 4 |

MANAGEMENT COMMENTARY

| | |
|------------------------|---|
| Fund information | 7 |
| Key figures and ratios | 8 |
| Business review | 9 |

FINANCIAL STATEMENTS

| | |
|---------------------|-------|
| Accounting policies | 25 |
| Income statement | 28 |
| Balance sheet | 29 |
| Cash flow statement | 30 |
| Notes | 31-36 |

STATEMENTS

STATEMENT BY MANAGEMENT

The board of directors has today discussed and approved the annual report for Maj Invest Equity 5 K/S for the financial year 1 January – 31 December 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 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.

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

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

Copenhagen, 22 March 2023

General partner:

Fonden MIE 5 GP

Board of directors:

Bjarne Thorup
(chairman)

Frank Visti Møbjerg

Torben Kjær

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

on _____ / _____ 2023

Chairman: _____

STATEMENTS

Independent auditors' report

To the limited partners of Maj Invest Equity 5 K/S

Opinion

We have audited the financial statements of Maj Invest Equity 5 K/S for the financial year 1 January – 31 December 2022, which comprise accounting policies, income statement, balance sheet, 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 Company 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 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 Management either intends to liquidate the Limited Partnership or to cease operations, or has no realistic alternative but to do so.

STATEMENTS

Independent auditors' 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 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 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.

STATEMENTS

Independent auditors' report

· 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 commentary

Management is responsible for the Management's commentary.

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

Based on the work we have performed, we conclude that the Management's commentary 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 commentary.

Copenhagen, 22 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

MANAGEMENT COMMENTARY

FUND INFORMATION

| | |
|---|---|
| The limited partnership | Maj Invest Equity 5 K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark |
| Contact information | E-mail: kontakt@majinvest.com Website: majinvest.com |
| CVR no. | 35 44 13 79 |
| Financial year | 1 January – 31 December |
| Registered office | Copenhagen |
| General partner | Fonden MIE 5 GP |
| Board of directors in Fonden Maj Invest Equity General Partner | Bjarne Thorup, chairman Frank Visti Møbjerg Torben Kjær |
| Manager | Maj Invest Equity A/S |
| Depository | Private Equity Administrators Depository Services ApS |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg |

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

| '000 DKK | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|
| Key figures | | | | | |
| Profit/loss | | | | | |
| Value adjustment of investments in portfolio companies | (88.068) | 453.141 | 10.252 | (241.703) | (20.257) |
| Operating profit/loss | (110.235) | 417.377 | (28.678) | (280.601) | (59.637) |
| Profit/loss for the year | (110.560) | 414.717 | (30.333) | (283.310) | (60.051) |
| Balance sheet | | | | | |
| Investments in portfolio companies | 1.629.172 | 1.713.200 | 961.694 | 660.556 | 574.372 |
| Total assets | 1.677.881 | 1.747.725 | 1.006.205 | 706.729 | 613.121 |
| Equity | 1.677.587 | 1.562.704 | 799.589 | 587.287 | 543.049 |
| Financial resources | | | | | |
| Cash | - | - | 617 | 177 | 1.527 |
| Remaining commitment | 236.679 | 462.122 | 810.586 | 1.082.309 | 1.459.678 |
| Total financial resources | 236.679 | 462.122 | 811.203 | 1.082.486 | 1.461.205 |
| Cash flow | | | | | |
| Cash flows from operating activities | (24.457) | (369.279) | 50.676 | 623 | 11.749 |
| Cash flows from investing activities | (15.540) | 20.265 | (292.871) | (329.521) | (85.674) |
| Cash flows from financing activities | 39.998 | 348.398 | 242.635 | 327.549 | 75.453 |
| Net change in cash | - | (617) | 440 | (1.350) | 1.527 |
| Ratios | | | | | |
| Equity ratio | 100% | 89% | 79% | 83% | 89% |
| Paid-in capital to committed capital (%) | 89% | 78% | 62% | 49% | 31% |

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Maj Invest Equity 5 K/S

The limited partnership Maj Invest Equity 5 K/S (“Maj Invest Equity 5”) had final closing with investors on October 14, 2017, with a total commitment of DKK 2,125 million. The Fund is owned by several Danish professional and institutional investors and international professional investors. The investors have entered into a limited partnership agreement.

Investment and value creation strategy

Maj Invest Equity 5 has invested in Danish small- and medium-sized companies with a target enterprise value between EUR 20–60 million (DKK 150–450 million). Investments are primarily in industry, service, technology and trade. Generally, Maj Invest Equity 5 has taken the role as lead investor and has made both majority and minority investments.

Investment strategy

Maj Invest Equity 5’s investment strategy is to invest in well-run family and founder-owned businesses with headquarters in Denmark.

Maj Invest Equity 5 pursues a partnership approach and has flexible ownership models; that there is a close commitment and agreement between owners and management in respect of focus and targets; and that the competencies and resources required are always available. Initially, Maj Invest Equity 5, management and co-owners calibrate their mutual expectations through clear strategy and business plans with high ambitions and agreed ownerships objectives.

ESG policy

At Maj Invest Equity 5, making small and mid-sized companies grow is at the heart of everything Maj Invest Equity 5 does, and the investment approach is based on long-term partnerships. Integrating sustainability is part of the business model, and we expect the same for the portfolio companies of the fund. Taking sustainability factors into consid-

MANAGEMENT COMMENTARY

BUSINESS REVIEW

eration can identify and capture value creating opportunities as well as mitigate relevant risks. As part of the Maj Invest group, Maj Invest Equity has been a signatory to the UN-backed Principles for Responsible Investment, PRI, since 2010. This together with Maj Invest Equity 5's ESG policy states the commitment as a responsible investor.

The Taxonomy Regulation

According to the taxonomy regulation, Maj Invest Equity 5 is classified as an Article 6 fund. Information must be given in the management report for Article 6 funds and thus for Maj Invest Equity 5. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Value creation strategy

The value creation strategy is characterised by the following:

- Focus on long-term strategic and operational value creation based on permanent improvements and innovation
- Targeted organic as well as acquisitive growth
- Long-term ownership approach
- Involvement of experienced and competent business executives in order to facilitate industrial improvement of the companies

Maj Invest Equity 5 emphasises that each individual investment is to be supported by a well-crafted strategy and business plan for the business entity and that owners and management agree on such strategy and plan. To ensure alignment of interest, one of the fundamentals of the investment policy is that management in each portfolio company invests together with Maj Invest Equity 5.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Investment activities also draw on the expertise of Maj Invest Equity's broad network of business executives. This network is expanded continually to include highly qualified people in all relevant lines of business and fields of expertise.

Maj Invest Equity 5's use of business executives stretches from the identification and analysis of an investment opportunity via assignments in the portfolio companies in relation to strategic development, operational improvements or other initiatives and to the running of such companies through active board membership. Typically, the business executives are selected as board members and co-invest in the portfolio companies in which they are involved.

Maj Invest Equity 5 is entitled to appoint board members in the individual portfolio companies. A partner and a director/investment manager from Maj Invest Equity A/S (the Manager) participate in the work of the board of directors of each individual portfolio company, either as a board member or as an observer. The strategic and operational management of the particular portfolio company is handled through the board of directors and the executive management and there is thus a clear delegation of responsibilities between the owners, the board of directors and the executive management. Often a partner and a director/investment manager will assist the management of the particular portfolio company in connection with acquisitions or divestments, negotiations with and handling of relations with finance partners, the recruitment of key management personnel and the identification and selection of specialists, advisers and consultants for special assignments in the portfolio company.

The focus on operational value creation entails that the portfolio companies will not be indebted at a level that would prevent optimal strategic development, or which would otherwise jeopardise their financial flexibility.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Maj Invest Equity 5 closely monitors investments and contributes to the development of the portfolio companies to ensure that their value potential is realised. Exit possibilities and exit strategy will also be monitored and assessed in order to execute exits as optimally as possible.

Maj Invest Equity Organisation

Maj Invest Equity consists of the managing partner, two partners, three directors, two investment managers, two associates involved in investments as well as six back-office staff involved in finance, legal matters and administrative duties.

The Maj Invest Equity management group includes:

Jens Aaløse, CEO, Managing Partner

Jens joined Maj Invest Equity and the management of Maj Invest Holding and Maj Invest Equity in November 2021. He was former Senior Executive Vice President in TDC (2013–2021), CEO in Danske Spil (2010–2013), CEO in Nordic Media Link AB and Dansk Reklamefilm (2006–2010) as well as Vice President in SAS (1986–2006).

Mads Andersen, Partner

Mads holds an MSc in Economics and Business Administration. He joined Maj Invest Equity in 2008 and has been a partner since 2013. He worked with the investment company FL Group from 2006 to 2007, and with FIH (M&A) from 2004 to 2006 and in KPMG Corporate Finance from 1999 to 2004.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Niels Toft, Partner

Niels holds an MSc in Economics and Business Administration and has participated in UCLA's MBA programme. He joined Maj Invest Equity in 2005, was involved in setting up Maj Invest Equity and has been a partner of Maj Invest Equity since 2008. From 1998 to 2005 he worked for Bain & Company in Stockholm with strategy development, operational improvement projects, M&A and commercial due diligence.

Thomas Riis, Partner

Thomas holds an MSc in Economics. He joined Maj Invest Equity in 2008. He worked for North Sea Capital from 2005 to 2008 with international investments in private equity funds, 3i (Nordic) from 2001 to 2005 where he was involved in private investments in medium-sized Danish and Nordic companies. Thomas has also worked with M&A consulting for PricewaterhouseCoopers Corporate Finance (1998–2001) as well as Gudme Raaschou (1997–1998).

Reference is made to the website, majinvest.com, for a presentation of other Maj Invest Equity staff.

Ownership

Maj Invest Equity 5 is owned by a number of professional and institutional investors holding a stake of 96.2%. The remaining stake is owned by Maj Invest Holding A/S, Maj Invest Equity Management and staff involved in investments who have all invested as special limited partners. Any profits earned by such special limited partners are subject to tax under current Danish tax rules. The special limited partners do not pay management fees and partnership formation costs to the fund.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

| Investors | Region | Commitment DKKm | Interest in % |
|--|---------------|----------------------------|--------------------------|
| Pension funds and Dansk Vækstkapital II K/S | Danish | 1,175 | 55% |
| Financial institutions | Danish | 100 | 5% |
| Other professional investors | Danish | 485 | 23% |
| Pension funds | Foreign | 75 | 4% |
| Other professional investors | Foreign | 210 | 10% |
| Maj Invest Holding, Management and staff in Maj Invest Equity | Danish | 80 | 4% |
| | | <hr/> 2,125 | <hr/> 100% |

Legal structure

Maj Invest Equity 5 is a Danish limited partnership with a commercial foundation as general partner. The general partner, Fonden MIE 5 GP, is managed by a board of directors consisting of three members. The general partner has the sole authority to approve all material decisions and signs for Maj Invest Equity 5 and has together with Maj Invest Equity 5 entered into a management agreement with Maj Invest Equity A/S (the Manager). The general partner's board of directors is disclosed in note 10.

Under the management agreement, the Manager handles all investment-related and administrative tasks for Maj Invest Equity 5. Consequently, Maj Invest Equity 5 has no staff employed. The Manager prepares investment and divestment proposals to the Investment Committee. The Manager has made an advisory service agreement with Fondsmægler-selskabet Maj Invest A/S in respect of some of the investment-related tasks.

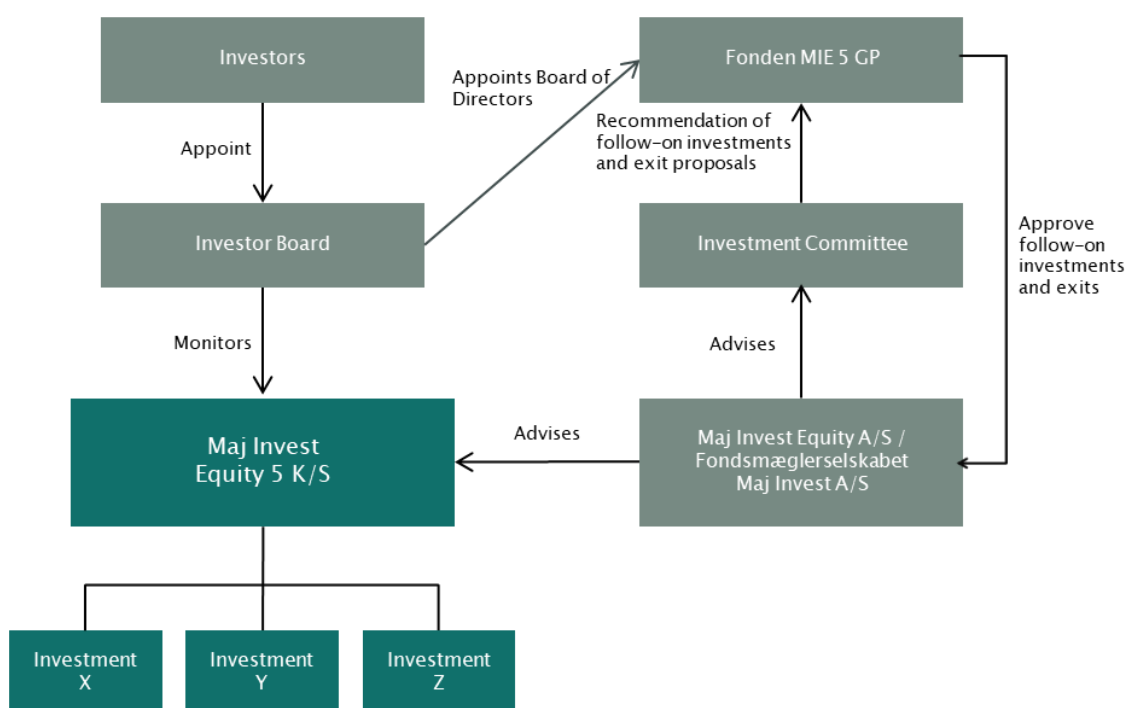
MANAGEMENT COMMENTARY

BUSINESS REVIEW

Decision structure

The investors in Maj Invest Equity 5 have set up an Investor Board with representatives appointed by the investors. The Investor Board acts as a supervisory body and continuously monitors developments in the fund.

Decision structure in Maj Invest Equity 5 K/S



Maj Invest Equity 5 has established an investment committee. The Investment Committee shall pre-approve and review all proposals prepared by the Manager regarding follow-on investments in or divestments of portfolio companies in Maj Invest Equity 5.

The Investment Committee consists of seven members, namely the four Equity Partners and the CEO of Maj Invest Holding A/S and two external members which have been appointed by the Manager. The external members have an advisory role. Reference is made

MANAGEMENT COMMENTARY

BUSINESS REVIEW

to note 10, which shows any other executive functions or directorships held by investment committee members.

License as manager with the Danish FSA

The Manager has received a license as manager (in Danish: forvalter) with the Danish FSA (in Danish: Finanstilsynet) and the Manager is under financial regulation and the Danish FSA supervision. Maj Invest Equity 5 has appointed a depository in accordance with the provisions in FAIF.

Remuneration for the financial year paid to management and staff in Maj Invest Equity A/S is disclosed in the annual report of Maj Invest Equity A/S. The annual report of Maj Invest Equity A/S will be available on the website majinvest.com. Information is given on Manager level.

Carried interest

Maj Invest Equity 5 has been established with a management fee structure which is normal in relation to the private equity industry. This means that the Manager receives a fixed management fee as well as a carried interest depending on the investors' returns on their investments.

No carried interest had been allocated or paid as of 31 December 2022.

Reporting

One of the things governed by the limited partnership agreement is the aspect of reporting on fund activities, its development and financial position in relation to investors. The fund is obliged to report to its investors on a current basis:

MANAGEMENT COMMENTARY

BUSINESS REVIEW

- Quarterly reports on the financial situation, the development in individual portfolio companies and investment returns.
- Exit memorandum.
- Annual reports.
- Semi-annual investor meetings.
- Replies to investor queries.

The quarterly reports to investors are prepared in compliance with the international guidelines in respect of "best practices" as stipulated in the Invest Europe Investor Reporting Guidelines. Investments are valued at their fair values and in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Maj Invest Equity also acceded to the "Guidelines for Responsible Ownership and Corporate Governance in Capital Venture Funds in Denmark" drawn up by Active Owners Denmark (DVCA).

Development in activities and the financial position

The M&A market in Denmark normalised in 2022 compared to the high activity in 2021.

In 2022, Maj Invest Equity 5' portfolio companies were impacted by changes in the macroeconomic environment. The portfolio companies in the travel and restaurant sector were positively impacted by the normalisation post COVID-19 and the other portfolio companies were to a various degree negatively impacted by increasing raw material costs and energy prices, supply chain challenges including congested global freight routes and component shortage. Also, inflationary cost pressures, softening consumer spend and the increase in the USD exchange rate had an impact on the companies. Overall, the negative impact remains modest, and management expects a positive outlook going forward.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Investments

As the investment period has expired, no new investments were made in 2022. Follow-on investments will be possible and in 2022 follow-on investments to Icotera and Roll-O-Matic was made with total DKK 16 million.

Result for the year

The bottom-line for 2022 is a loss of DKK -111 million (against a profit in 2021 of DKK 415 million). The result of the year is negatively affected by net value adjustments of DKK -88 million and negatively affected by administrative expenses of DKK -22 million. The result for 2022 reflects the economic environment in 2022.

Development in portfolio companies in 2022

The current portfolio comprises the following nine companies:

Icotera A/S

Icotera is among the leading European developers of gateway, router, and software solutions for the Fiber-to-the-Home market. Through a customer-oriented business approach, Icotera has established itself as a leading provider in the Nordics with significant sales in multiple European markets. Icotera's products are sold directly to fiber network operators and internet service providers or via local partners while manufacturing is outsourced to external EMS-partners. During FY2021/22, management continued to execute its strategy, which resulted in solid growth despite of considerable supply chain challenges (congested global freight routes, component shortages etc.). Underlying momentum in the business remains strong and management expects double-digit growth trajectory to continue during FY2022/23.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

TourCompass A/S

TourCompass is an online travel agency offering overseas adventure travel as packaged adventure tours to Africa, Latin America and Asia. Since its inception, the company has been operated as an e-commerce business in the travel industry and all marketing efforts are, thus, performed online. Previously, products were sold through three product brands – one for each destination region. However, during 2022 the company was renamed TourCompass (previously Aclass) as part of a new, single brand strategy. This also meant the introduction of a single brand site deployed in its seven source markets (Denmark, Norway, Sweden, Germany, UK, the Netherlands, and Finland). Throughout the year, the global leisure travel industry took considerable steps towards normalisation post Covid-19, reflected in growing travel activity and, in turn, significantly improved financial results vs. FY20 and FY21. For FY23, management expects the growth trajectory to continue supported by the continued normalisation of the sector as well as the introduction of a new destination region; Australia and New Zealand.

Sovino Brands ApS

Sovino Brands is a restaurant group consisting of 18 restaurants all located in the city centre of Copenhagen. Restaurants are run as individual concepts and independent brands, all within the casual fine dining segment. On a day-to-day basis, restaurants are operated independently by individual head-chefs or restaurant managers, but, on group level, all restaurants are backed by a centralised administration unit. Throughout 2022, the food and beverages sector continued its normalisation following the Covid-19 pandemic, and solid performance was experienced across units, particularly during H1 whereas H2 was somewhat affected by inflationary cost pressures and decreasing consumer spending. That said, sound financial results were achieved, above FY21 on both top line and earnings. For FY23, continued growth is expected driven by full year effect of FY22's portfolio additions as well as continuous operational improvements across the

MANAGEMENT COMMENTARY

BUSINESS REVIEW

portfolio. Management will continue to monitor inflation and its impact on consumer sentiment and make required adjustments if needed.

Roll-o-Matic A/S

Roll-o-Matic is a technology developer and builder of high-speed converting machinery for production of bags on roll (e.g. garbage bags) from recycled plastic, bioplastic, biodegradable plastic and other film. Their machinery enables increased adoption of recycled plastics and better waste management practices, and the technology is constructed to ensure high energy efficiency and low process waste in operation. Roll-o-Matic thus contributes significantly to the transition to a circular economy. The business is geographically diversified with an installed base across 63 countries. Europe is the largest market, while sales to the Middle East, North America and Latin America are growing. Performance in FY2021/22 was significantly below previous year driven by a soft market in Europe as well as longer production lead times due to global component shortage. In FY2022/23, Management expects growth in both revenue and earnings.

Good Food Group A/S

Good Food Group produces a broad range of food products where the main categories are jam and frozen fruit, condiments and dressings, non-dairy cream, honey, nuts, grains, and oats. The products are sold to domestic and international supermarket chains, food-service customers, and other food processors. Products are sold under own brands as well as private labels to more than 75 countries although app. 60% of revenue comes from Scandinavia. Production facilities are in DK, SE, NO & PL. In 2022, Good Food Group realised a +12% growth mainly driven by higher sales prices in wake of the large increases in raw material costs and other associated costs e.g. energy and freight. In 2022 raw material prices took a new hike following the outbreak of war in Ukraine impacting most categories and segments and thereby significantly impacting the profit for the year. For

MANAGEMENT COMMENTARY

BUSINESS REVIEW

2023, management expects recover profitability back towards historic levels and growing the business.

In September 2022, new CEO and CFO joined the company, and together with the COO constitute the executive management of the company.

Wendelbo Møbel Design A/S

Wendelbo Møbel Design (“Wendelbo”) designs, manufactures and markets design furniture incl. sofas, chairs, tables and other interior design products, catering mainly to the affordable luxury and luxury segments through the design brand ‘Wendelbo’ as well as through the private label brand ‘W’. The company’s products are mainly sold through 3rd party physical or online retail stores with remaining sales sold on a contract basis, and products are sold worldwide. In 2022, Wendelbo realised revenue above previous years but earnings were adversely affected by lower than budgeted activity driven by the low consumer confidence emerging during 2022 driven by the war in Ukraine, high inflation and increasing interest rates. Management expects a positive outlook for 2023 on both revenue and earnings.

ferm LIVING ApS

ferm LIVING (“ferm”) is a Danish home interior design brand in the affordable luxury segment. The company’s core is centered around home accessories, in addition to furniture, lighting and kids-specific interior. Products are sold in more than 70 countries globally, and in recent years the company has achieved considerable growth across geographic markets, range of products and sales channels, in particular within the online segment. In 2022, ferm performed on par with 2021 on both revenue and earnings despite the general market uncertainty. Management also expects a positive outlook for 2023 leveraging

MANAGEMENT COMMENTARY

BUSINESS REVIEW

firm's strong brand, market position and online platform.

Genan Holding A/S

The environmental company Genan is the world's largest recycler of end-of-life tyres. The company has a total of six recycling factories in Denmark (1), Germany (3), Portugal (1) and the US (1). The total production capacity exceeds 400,000 tons of tyres each year, and the end-of-life tyres are recycled into usable materials for many purposes including artificial turf fields, playgrounds and OEMs (replacing virgin and synthetic rubber in industrial applications, for e.g. mats and tyres), reducing carbon emission by up to 280,000 tons. In 2022, performance in terms of revenue was satisfactory whereas earnings were adversely affected by especially the high and volatile energy prices. In 2023, Management expects growth in both revenue and earnings.

N'Age ApS

N'AGE is a leading premium provider of non-invasive cosmetic treatments in Denmark where the company operates seven clinics. The clinics are placed across the country in Copenhagen, Aarhus, Odense, Vejle and Lyngby. N'AGE offers treatments within 4 primary categories (i) injectables, (ii) Ultherapy, (iii) Laser and (iv) Cool Sculpting. Beyond treatments, N'AGE operates an academy that educates and certifies nurses within cosmetic treatments and a webshop that sells high-end skincare products.

2022 started very positively with continued high y-on-y growth rates and a FY2021/22A result ending in line with expectation on both revenue and EBITDA. Affected by the high inflation environment in H2 2022, N'AGE for second half of 2022 seen a slowdown in growth rate with activity coming down to the level of last year. In 2022 several new hires were made to strengthen the business including a new CFO joining the management team.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

For 2023, management expects to return to a growth environment albeit first expectedly in the latter part of the year. In the first half of 2023 and thereby for the remainder of FY2022/23 revenue growth is expected to be limited and earnings below last year partly driven by the continuing investment in the business and organisation.

Capital resources

Maj Invest Equity 5 has a total capital commitment of DKK 2,125 million. At 31 December 2022, Maj Invest Equity 5 had drawn DKK 1,888 million, or 89% of the capital commitments. The remaining capital commitment is DKK 237 million (DKK 462 million at 31 December 2021). Maj Invest Equity 5's equity amounted to DKK 1.678 million at 31 December 2022, matching an equity ratio of 100%.

Maj Invest Equity 5 is able to finance investments from the time of follow-on investment and up to six months through bridge financing loan from financial institutions. A bridge loan must be repaid in connection with a capital call from investors. At year-end 2022, bank debt amounts to DKK 0,1 million.

Financial risks

The objective of Maj Invest Equity 5 is to invest in portfolio companies and create value in such companies. The major risk factor is therefore the failure to create value in the underlying portfolio companies. Changes in the macroeconomic environment such as inflation, interest rates and the situation related to Ukraine/Russia, market conditions and financing opportunities can have a tremendous impact on the potential for value creation in the portfolio companies and consequently also the future value of Maj Invest Equity 5.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Uncertainties relating to recognition and measurement in the financial statements

Interests in portfolio companies are valued at their fair values, according to Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

Uncertainty also exists relating to supply chain challenges, inflationary cost pressures and softening consumer spend and the increase in USD. Although, at this point in time, the overall commercial impact on the portfolio companies in the fund is modest and no significant short term negative impact is expected.

Events after the balance sheet day

In February 2023, a capital injection of DKK 52 million was contributed to Good Food Group in order to strengthen the capital resources. The amount is bridge-financed until June 2023. Since December 31, 2022 Maj Invest Equity 5 has increased financial guarantees to portfolio companies' banks with DKK 34 million.

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

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL

Maj Invest Equity 5 has voluntarily chosen to present the financial statements in accordance with the provisions of the Danish Financial Statements Act for class A entities with the adoption of a cash flow statement and with the necessary adjustments considering that the company is a limited partnership, whose activity is private equity. Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn up by the IPEV Board.

The Financial Statements are presented in DKK.

The accounting policies are the same as 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 include mainly management fees, partnership formation costs, broken deal costs, depositary fee and other administrative costs.

Financial income and expenses

Financial income and expenses include interest on bank deposits, financial risk premium to the general partner and interest expense due to credit facilities and bridge loans.

Tax

Maj Invest Equity 5 K/S 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.

BALANCE SHEET

ASSETS

Investments in portfolio companies

On initial recognition, investments in portfolio companies are 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, for instance in the form of an expansion of capital or a partial sale based on the values of comparable companies or through the use of traditional valuation methods, such as EV/EBITDA, P/E, EV/EBIT, P/B.

If the fair value assessment is not reliable, investments will be measured at cost, with the addition of transaction costs.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Receivables

Receivables from portfolio companies in the form of loans are recognised as receivables and measured at fair value.

Other receivables are measured at the lower of amortised cost or net realisable value, which usually corresponds to the nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of an assessment of the individual receivables.

Prepayments

Prepayments recognised under assets mainly consist of prepaid management fees.

Cash

Cash includes deposits with financial institutions.

LIABILITIES

Financial liabilities

Bank loans regarding bridge financing are measured at amortised cost, corresponding to the outstanding debt.

Other liabilities are measured at amortised cost, usually corresponding to the nominal 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 | (88.068) | 453.141 |
| Administrative expenses | | <u>(22.165)</u> | <u>(35.764)</u> |
| Operating profit/loss | | (110.235) | 417.377 |
| Financial income | 2 | 671 | - |
| Financial expenses | 3 | <u>(997)</u> | <u>(2.660)</u> |
| Result for the year | | (110.560) | 414.717 |
| Proposed distribution of net profit/loss | | | |
| Retained earnings | | <u>(110.560)</u> | <u>414.717</u> |
| | | (110.560) | 414.717 |

FINANCIAL STATEMENTS

BALANCE SHEET

| '000 DKK | Note | 31/12/2022 | 31/12/2021 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Investments in portfolio companies | 4 | 1.629.172 | 1.713.200 |
| Total investments | | 1.629.172 | 1.713.200 |
| Total non-current assets | | 1.629.172 | 1.713.200 |
| Receivables from portfolio companies | 5 | 37.169 | 25.000 |
| Other receivables | | - | 438 |
| Prepayments | | 11.540 | 9.087 |
| Total receivables | | 48.709 | 34.525 |
| Cash | | - | - |
| Total current assets | | 48.709 | 34.525 |
| Total assets | | 1.677.881 | 1.747.725 |
| EQUITY AND LIABILITIES | | | |
| Paid-in capital | | 1.887.971 | 1.662.528 |
| Distributions | | (81.124) | (81.124) |
| Retained earnings | | (129.260) | (18.700) |
| Total equity | 6 | 1.677.587 | 1.562.704 |
| Debt to banks | | 142 | 184.787 |
| Other payables | | 152 | 234 |
| Total short-term liabilities | | 294 | 185.021 |
| Total liabilities | | 294 | 185.021 |
| Total equity and liabilities | | 1.677.881 | 1.747.725 |
| Cash flow statement – adjustments | 7 | | |
| Cash flow statement – change in working capital | 8 | | |
| Contingent liabilities | 9 | | |
| Other notes | 10 | | |

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

| '000 DKK | Note | 2022 | 2021 |
|---|------|-----------------|------------------|
| Profit/loss for the year | | (110.560) | 414.717 |
| Adjustments | 7 | 88.395 | (769.110) |
| Change in working capital | 8 | (1.295) | (12.226) |
| Cash flows from operating activities before net financials | | (23.460) | (366.619) |
| Financial expenses | | (997) | (2.660) |
| Cash flows from operating activities | | (24.457) | (369.279) |
| Investments in portfolio companies | | (4.040) | (298.331) |
| Sale of shares in portfolio companies | | - | 318.596 |
| Changes in loan to portfolio companies | | (11.500) | - |
| Cash flows from investing activities | | (15.540) | 20.265 |
| Paid-in capital from limited partners | | 225.443 | 348.464 |
| Distributions to limited partners | | - | (67) |
| Proceeds from loans | | 11.500 | - |
| Repayment of bank loan | | (196.945) | - |
| Cash flows from financing activities | | 39.998 | 348.398 |
| Cash flows for the year, net | | - | (617) |
| Cash at the beginning of the year | | - | 617 |
| Cash at the end of the year | | - | - |

FINANCIAL STATEMENTS

NOTES

| '000 DKK | 2022 | 2021 |
|--|-------------------|-------------------|
| NOTE 1 Value adjustment of investments in portfolio companies | | |
| Realised gain/loss in portfolio companies | - | (34) |
| Unrealised value adjustments | (88.068) | 453.175 |
| | (88.068) | 453.141 |
| NOTE 2 Financial income | | |
| Interest on loans to group companies | 668 | - |
| Other financial income | 2 | - |
| | 671 | - |
| NOTE 3 Financial expenses | | |
| General Partner, annual financial risk premium | 59 | 56 |
| Other financial expenses | 938 | 2.604 |
| | 997 | 2.660 |
| NOTE 4 Investments in portfolio companies | | |
| | 31/12/2022 | 31/12/2021 |
| Cost at 01/01 | 1.221.478 | 1.241.776 |
| Additions during the year | 4.040 | 298.331 |
| Disposals during the year | - | (318.629) |
| Cost at 31/12 | 1.225.518 | 1.221.478 |
| Value adjustments at 01/01 | 491.722 | (280.082) |
| Value adjustments during the year | (88.068) | 771.804 |
| Value adjustments at 31/12 | 403.654 | 491.722 |
| Carrying amount at 31/12 | 1.629.172 | 1.713.200 |

Uncertainties relating to recognition and measurement in the financial statements.

The investments in the portfolio companies are valued at their fair values, in Level 3 of the fair value hierarchy according to accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty.

FINANCIAL STATEMENTS

NOTES

| '000 DKK | 31/12/2022 | 31/12/2021 |
|---|------------------|------------------|
| NOTE 5 Receivables from portfolio companies | | |
| Cost at 01/01 | 25.000 | 25.000 |
| Additions during the year | 12.168 | - |
| Cost at 31/12 | 37.169 | 25.000 |
| Carrying amount at 31/12 | 37.169 | 25.000 |
| A receivable of DKK 12 million is subordinated to a bank. | | |
| NOTE 6 Equity | | |
| Equity at beginning of year | 1.562.704 | 799.589 |
| Paid-in capital from investors | 225.443 | 348.464 |
| Distributions to investors | - | (67) |
| Retained earnings | (110.560) | 414.717 |
| Equity at end year | 1.677.587 | 1.562.704 |
| The limited partners are liable for their share of the remaining commitment | 236.679 | 462.122 |
| NOTE 7 Cash flow statement – adjustments | | |
| Financial expenses | 997 | 2.660 |
| Financial income | (671) | - |
| Realised value adjustments | - | 34 |
| Unrealised value adjustments in portfolio companies | 88.068 | (771.804) |
| | 88.395 | (769.110) |
| NOTE 8 Cash flow statement – change in working capital | | |
| Change in receivables | (2.016) | 9.369 |
| Change in other short-term liabilities | 721 | (21.595) |
| | (1.295) | (12.226) |

FINANCIAL STATEMENTS

NOTES

NOTE 9 Contingent liabilities

Contingent liabilities

Maj Invest Equity 5 has entered into a management agreement with Maj Invest Equity for the Manager's administration of Maj Invest Equity 5 as well as the provision of investment advisory services to Maj Invest Equity 5. On termination, Maj Invest Equity 5 may in certain circumstances be obliged to pay management fees for up to a 9 month period. At 31 December 2022, the fee amounted to app. DKK 17.3 million.

Maj Invest Equity 5 has provided financial guarantees to various portfolio companies' banks. The guarantees are maximised to DKK 55.1 million in total and will expire no later than July 30, 2023.

Securities

Maj Invest Equity 5 K/S has pledged shares in a portfolio company, recognised at a value of DKK 388 million, as security for the portfolio company's bank debt.

NOTE 10 Board of directors and Investment Committee

Board of Directors of the general partner:

Bjarne Thorup (chairman)

Director of:

Thorup ApS, Promentum I General Partner ApS, AEP Komplementar ApS, AEP Bolig+ I Komplementar ApS, Private Equity III K/S, Secure Byggefinansiering 3 K/S, Byggefinansiering III komplementar ApS and AEP Logistics Properties I Komplementar ApS.

Chairman of:

Fonden Maj Invest Equity General Partner, Pesitho ApS and Sæbefabrikken A/S.

Vice Chairman of the boards of:

Fonden MIFIF II GP, Jysk Display A/S and Holdingselskabet Jysk Display A/S.

Board member of:

Fonden MIE 6 GP

Frank Visti Møbjerg

Director of:

Fravis Holding ApS.

Chairman of:

H & M Invest A/S and Goldmind Holding ApS.

Board member of:

Fravis Holding ApS, Fonden Maj Invest Equity General Partner, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIFIF II GP.

FINANCIAL STATEMENTS

NOTES

Board of Directors of the general partner (continued):

Torben Kjær

Director of:

PE Minorities GP ApS and Susanne Boye Nielsen Holding ApS.

Board member of:

Foodpeople A/S, Foodpeople Group ApS, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIE 6 GP.

Member of Investment Committee of:

Maj Invest Equity Vietnam I K/S and Maj Invest Equity Southeast Asia II K/S.

Investment Committee:

Jeppe Christiansen

CEO of:

Fondsmæglerselskabet Maj Invest A/S, Maj Invest Equity A/S and Maj Invest Holding A/S.

Chairman of:

Haldor Topsøe A/S, JEKC Holding ApS, EFC Holding ApS, Emlika ApS and Emlika Holding ApS.

Board member of:

Kirkbi A/S, Novo Nordisk A/S, Novo Holdings A/S, Bellabeat Inc., Pluto Naturfonden, Lone Dybkjær Fonden, Randers Regnskov (Fonden), A/S United shipping & Trading Company

Member of Investment Committee of:

Maj Invest Equity Vietnam I K/S, Maj Invest Equity Southeast Asia II K/S, Maj Invest Financial Inclusion Fund II K/S, Maj Invest Financial Inclusion Fund III K/S, Danish Microfinance Partners K/S, Maj Invest Equity 4 K/S and Private Equity Minorities I K/S.

Jens Aaløse

Managing Partner of:

Maj Invest Equity A/S.

Director of:

Fondsmæglerselskabet Maj Invest A/S, Maj invest Equity A/S, Maj Invest Holding A/S, PE Minorities GP ApS and MOMA Capital ApS.

Chairman of:

Blue Ocean Robotics ApS, Blue Ocean Robotics Holding ApS, Fonden LDE 3 GP and Fonden MIE6 GP.

Vice Chairman of the boards of:

Topdanmark A/S and Topdanmark Forsikring A/S.

Board member of:

FDM Travel A/S, Gerda og Victor B. Strands Fond/Toms Gruppens Fond, Fonden Maj Invest Equity General Partner and Dansk Erhverv.

In addition, chairman and board member of various holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S.

Member of Investment Committee of:

Maj Invest Equity 4 K/S and Private Equity Minorities I K/S.

FINANCIAL STATEMENTS

NOTES

Investment Committee (continued):

Niels Toft

Director of:

Maks ApS.

In addition, managing director or directorship of several holding companies and underlying portfolio companies owned by Maj Invest Equity 5 K/S.

Chairman of:

Fonden LDE 2 GP.

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

Mads Andersen

Director of:

MPHA Invest ApS.

In addition, managing director or directorship of several holding companies and underlying portfolio companies owned by Maj Invest Equity 5 K/S.

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

Thomas Riis

Director of:

ACE Capital ApS, Ole Riis Holding ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS, DMP Holding 1 ApS, General Partner Equity Vietnam ApS, Management Equity Vietnam I ApS, MIFIF III GP ApS MIFIN GP ApS.

In addition, managing director or directorship of various holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and Maj Invest Equity 5 K/S, Maj Invest Vietnam I K/S and Maj Invest Equity Southeast Asia II K/S.

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

Carsten Dilling

Director of:

CDI Consult ApS.

Chairman of:

SAS AB, Icotera A/S, MT Højgaard Holding A/S and NNIT A/S. Therma A/S, Thrige-Titan A/S and Thrige Holding A/S.

Board member of:

Thomas B. Thriges Fond

Member of Investment Committee of:

Maj Invest Equity 4 K/S.

FINANCIAL STATEMENTS

NOTES

Investment Committee (continued):

Henrik Andersen

CEO of:

Vestas Wind Systems A/S.

Director of:

Vestas Infrastructure Invest ApS.

Chairman of:

Wind Power Invest A/S, Vestas India Holding A/S, Vestas Asia Pacific A/S, Vestas Manufacturing A/S, Vestas Mediterranean A/S, Vestas Central Europe A/S, Vestas Americas A/S, Vestas Shared Service A/S, Wind Power Development A/S, Vestas Offshore Wind A/S, Wind Power Development India A/S, Vestas Ventures A/S, Wind Power Invest A/S

Board member of:

Copenhagen Infrastructure Partners Holding P/S, Copenhagen Infrastructure Partners GP Interests Holding K/S, Copenhagen Infrastructure Partners GP Interests Topco ApS, Saxo Bank A/S

Member of Investment Committee of:

Maj Invest Equity 4 K/S.