



MAJ INVEST EQUITY 5 K/S

Annual report 2023

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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 2023.

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 2023 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2023.

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

We recommend the annual report 2023 for adoption at the annual general meeting.

Copenhagen, 4 July 2024

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 _____ / _____ 2024

Chairman: _____

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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 2023, 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 2023 and of the results of the Limited Partnership's operations for the financial year 1 January – 31 December 2023 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.

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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.

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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, 4 July 2024

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
Depositary	Apex (Denmark) ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg

MANAGEMENT COMMENTARY

KEY FIGURES AND RATIOS

'000 DKK	2023	2022	2021	2020	2019
Key figures					
Profit/loss					
Value adjustment of investments in portfolio companies	(74,674)	(87,400)	453,141	10,252	(241,703)
Operating profit/loss	(98,935)	(109,565)	417,377	(28,678)	(280,601)
Profit/loss for the year	(100,532)	(110,560)	414,717	(30,333)	(283,310)
Balance sheet					
Investments in portfolio companies	1,622,173	1,629,172	1,713,200	961,694	660,556
Total assets	1,670,820	1,677,881	1,747,725	1,006,205	706,729
Equity	1,670,492	1,677,587	1,562,704	799,589	587,287
Financial resources					
Cash	583	-	-	617	177
Remaining commitment	143,142	236,679	462,122	810,586	1,082,309
Total financial resources	143,725	236,679	462,122	811,203	1,082,486
Cash flow					
Cash flows from operating activities	(25,145)	(24,457)	(369,279)	50,676	623
Cash flows from investing activities	(67,568)	(15,540)	20,265	(292,871)	(329,521)
Cash flows from financing activities	93,295	39,998	348,398	242,635	327,549
Net change in cash	583	-	(617)	440	(1,350)
Ratios					
Equity ratio	100%	100%	89%	79%	83%
Paid-in capital to committed capital (%)	93%	89%	78%	62%	49%

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.

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 consideration can identify and capture value creating opportunities as well as mitigate relevant risks. As part of the Maj Invest group,

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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.

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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.

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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, three partners, two directors, two investment managers, two associates and one analyst 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, Managing Director

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.

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

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& 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.

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	3%
Other professional investors	Foreign	210	10%
Maj Invest Holding, Management and staff in Maj Invest Equity	Danish	80	4%
		<hr/>	<hr/>
		2,125	100%

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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.

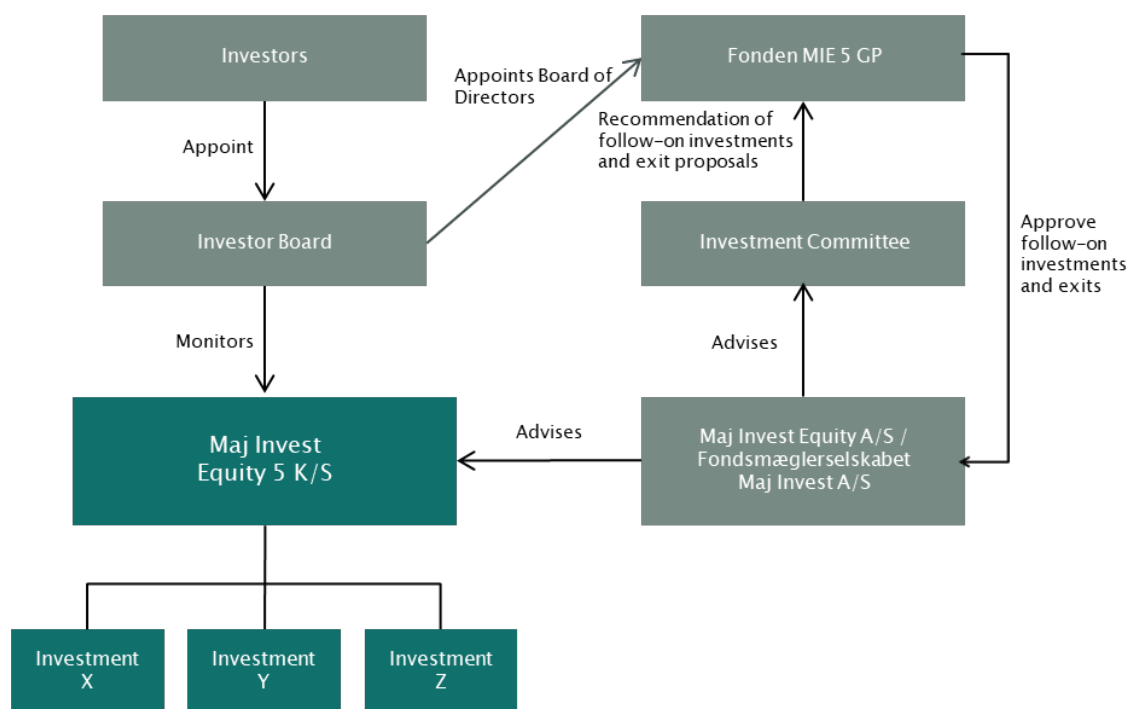
Decision structure

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.

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

MANAGEMENT COMMENTARY

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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 depositary 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 is 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 2023.

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:

- 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.

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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

Overall, the M&A market declined in 2023, compared to the record year of 2022. Although, activity in 2023 was still higher than the level before COVID-19.

In 2023, some of Maj Invest Equity 5' portfolio companies were still impacted by changes in the macroeconomic environment. The travel sector has normalised post COVID-19 which is now reflected in the earnings. The restaurant sector is to some extent still impacted by cost inflation and lower consumer spend. Also, other portfolio companies were to a various degree still negatively impacted by the challenging market conditions, i.e. high raw material costs, supply chain challenges and component shortage. Also, the ongoing general inflationary cost pressures, softening consumer spend and the high USD exchange rate had an impact on the companies. Overall, on short and medium term, there is still an uncertainty but management expects a positive outlook on long term.

Investments

As the investment period has expired, no new investments were made in 2023. Follow-on investments will be possible and in 2023 follow-on investments to Good food Group, Icotera and Wendelbo was made with total DKK 67 million.

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Result for the year

The bottom-line for 2023 is a loss of DKK 101 million (against a loss in 2022 of DKK 111 million). The result of the year is negatively affected by net value adjustments of DKK -79 million and negatively affected by administrative expenses of DKK -24 million. The result for 2023 reflects the economic environment in 2023.

Development in portfolio companies in 2023

The current portfolio comprises the following nine companies:

Icoter A/S

Icoter 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, Icoter has established itself as a leading provider in the Nordics with significant sales in multiple European markets. Icoter'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. In FY22/23, market environment was characterized by customer inventory reductions (industry wide theme) and long lead times in pipeline cases, which resulted in lower-than-expected financial results. Consequently, management focus for FY23/24 is to restore historic growth track as customer inventory levels normalize and markets rebound.

TourCompass A/S

TourCompass is an online travel agency offering overseas adventure travel as packaged adventure tours to Africa, Latin America, Asia, and Oceania. 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 where travels are also sold on single brand websites deployed in the company's seven source markets (Denmark, Norway, Sweden, Germany, UK, the Netherlands, and Finland). In 2023, the global leisure travel industry normalised post Covid, which TourCompass' results reflected. I.e., strong growth was realised, both on top line and in earnings. Management expects

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this trend to continue in FY24 supported by continuous business development of existing destinations and tours on top of a launch of an additional destination region, planned for H2 2024.

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 2023, the group's well-established restaurants consistently showcased solid performance whereas recent additions to the portfolio were impacted by lower ticket sizes and cost inflation. For FY24, growth is expected mainly driven by the full-year effect of FY23's portfolio additions whereas earnings are projected to grow by enhancing operational excellence across units.

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, bio degradable 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 FY2022/23 was challenged by a soft market in Europe as well as longer production lead times due to global component shortage. In FY2023/24, Management expects growth in both revenue and earnings.

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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 with app. 60% of revenue coming from Scandinavia. Production facilities are in DK, SE, NO & PL. In 2023, Good Food Group achieved a +6% growth, primarily propelled by elevated sales prices aimed at offsetting the rising costs of raw materials and other production-related costs. Moreover, earnings in 2023 developed positively, with Good Food Group bolstering margins to recoup a substantial portion of the losses incurred in 2022 due to the surge in raw material prices and energy costs following the war in Ukraine. For 2024, management expects to accelerate growth which will lift earnings further.

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 ‘YFP’. The company’s products are sold through 3rd party physical or online retail stores as well as to the contract market, and products are sold worldwide. In 2023, Wendelbo realised revenue below previous year driven by challenging market conditions whereas earnings developed positively due to adjustments to the activity level, cost focus and a positive development in margins. Management expects a positive outlook for 2024 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

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the company has achieved considerable growth across geographic markets, range of products and sales channels, in particular within the online segment.

In 2023, firm performed below 2022 levels on both revenue and earnings due to challenging market conditions. Management expects a positive outlook for 2024 leveraging firm's strong brand, market position and online platform despite general market uncertainty.

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 2023, energy prices have normalized after the high and volatile levels in 2022 and performance in terms of revenue and earnings was satisfactory. In 2024, Management expects further 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 nine 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. The slowdown seen in the later part of 2022 continued into 2023 with softer demand. Although N'AGE succeeded in keeping the activity level in 2023 on par with 2022 including adding new clinics to the portfolio, the development in 2023 is below management expectation and not seen as satisfying. For 2024, management expects return to a growth scenario

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due to better performance at existing clinics and ramp-up of new clinics. For the financial year ending April 2024, revenue will be close to last year but generating lower earnings due to 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 2023, Maj Invest Equity 5 had drawn DKK 1,982 million, or 93% of the capital commitments. The remaining capital commitment is DKK 143 million (DKK 237 million at 31 December 2022). Maj Invest Equity 5's equity amounted to DKK 1,670 million at 31 December 2023, matching an equity ratio of 100%.

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. Financing opportunities, changes in the macroeconomic environment such as inflation, interest rates, market conditions and also the geopolitical situation, 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.

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. Although, at this point in time, the overall commercial impact on the

MANAGEMENT COMMENTARY

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portfolio companies in the fund is modest and no significant short term negative impact is expected.

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.

Although, after the balance sheet day, Maj Invest Equity 5 has drawn DKK 18.5 million to cover a follow investment and management fee. Hereafter, the remaining capital commitment is DKK 124.7 million. Further, Maj Invest Equity 5 has provided financial guarantee of DKK 7.5 million to a portfolio company's bank.

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 and guarantee fee 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	2023	2022
Value adjustment of investments in portfolio companies	1	(74,674)	(87,400)
Administrative expenses		<u>(24,261)</u>	<u>(22,165)</u>
Operating profit/loss		(98,935)	(109,565)
Financial income	2	18	2
Financial expenses	3	<u>(1,615)</u>	<u>(997)</u>
Result for the year		<u>(100,532)</u>	<u>(110,560)</u>
Proposed distribution of net profit/loss			
Retained earnings		<u>(100,532)</u>	<u>(110,560)</u>
		<u>(100,532)</u>	<u>(110,560)</u>

FINANCIAL STATEMENTS

BALANCE SHEET

'000 DKK	Note	31/12/2023	31/12/2022
ASSETS			
Investments in portfolio companies	4	1,622,173	1,629,172
Total investments		1,622,173	1,629,172
Total non-current assets		1,622,173	1,629,172
Receivables from portfolio companies	5	32,368	37,169
Receivables from investors		15	-
Other receivables		3,526	-
Prepayments		12,156	11,540
Total receivables		48,064	48,709
Cash		583	-
Total current assets		48,647	48,709
Total assets		1,670,820	1,677,881
EQUITY AND LIABILITIES			
Paid-in capital		1,981,508	1,887,971
Distributions		(81,224)	(81,124)
Retained earnings		(229,792)	(129,260)
Total equity	6	1,670,492	1,677,587
Debt to banks		-	142
Other payables		328	152
Total short-term liabilities		328	294
Total liabilities		328	294
Total equity and liabilities		1,670,820	1,677,881
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	2023	2022
Profit/loss for the year		(100,532)	(110,560)
Adjustments	7	80,964	88,395
Change in working capital	8	(3,980)	(1,295)
Cash flows from operating activities before net financials		(23,548)	(23,460)
Financial income		18	-
Financial expenses		(1,615)	(997)
Cash flows from operating activities		(25,145)	(24,457)
Investments in portfolio companies		(72,468)	(4,040)
Sale of shares in portfolio companies		100	-
Changes in loan to portfolio companies		4,800	(11,500)
Cash flows from investing activities		(67,568)	(15,540)
Paid-in capital from limited partners		93,537	225,443
Distributions to limited partners		(100)	-
Proceeds from loans		-	11,500
Repayment of bank loan		(142)	(196,945)
Cash flows from financing activities		93,295	39,998
Cash flows for the year, net		583	-
Cash at the beginning of the year		-	-
Cash at the end of the year		583	-

FINANCIAL STATEMENTS

NOTES

'000 DKK	2023	2022
NOTE 1 Value adjustment of investments in portfolio companies		
Interest on loans to group companies	1,166	668
Guarantee fee	3,526	-
Realised gain/loss in portfolio companies	17	-
Unrealised value adjustments	(79,383)	(88,068)
	(74,674)	(87,400)
NOTE 2 Financial income		
Other financial income	18	2
	18	2
NOTE 3 Financial expenses		
General Partner, annual financial risk premium	63	59
Other financial expenses	1,552	938
	1,615	997
NOTE 4 Investments in portfolio companies		
	31/12/2023	31/12/2022
Cost at 01/01	1,225,518	1,221,478
Additions during the year	72,468	4,040
Disposals during the year	(83)	-
Cost at 31/12	1,297,903	1,225,518
Value adjustments at 01/01	403,654	491,722
Value adjustments during the year	(79,383)	(88,068)
Value adjustments at 31/12	324,270	403,654
Carrying amount at 31/12	1,622,173	1,629,172

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	31/12/2023	31/12/2022
NOTE 5 Receivables from portfolio companies		
Cost at 01/01	37,169	25,000
Additions during the year	7,367	12,168
Disposals during the year	(12,168)	-
Cost at 31/12	<u>32,368</u>	<u>37,169</u>
Carrying amount at 31/12	<u>32,368</u>	<u>37,169</u>
NOTE 6 Equity		
Equity at beginning of year	1,677,587	1,562,704
Paid-in capital from investors	93,537	225,443
Distributions to investors	(100)	-
Retained earnings	(100,532)	(110,560)
Equity at end year	<u>1,670,492</u>	<u>1,677,587</u>
The limited partners are liable for their share of the remaining commitment	<u>143,142</u>	<u>236,679</u>
NOTE 7 Cash flow statement – adjustments		
Financial expenses	1,615	997
Financial income	(18)	(2)
Realised value adjustments	(17)	-
Unrealised value adjustments in portfolio companies	79,383	87,400
	<u>80,964</u>	<u>88,395</u>
NOTE 8 Cash flow statement – change in working capital		
Change in receivables	(4,156)	(2,016)
Change in other short-term liabilities	176	721
	<u>(3,980)</u>	<u>(1,295)</u>

FINANCIAL STATEMENTS

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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 2023, the fee amounted to app. DKK 18.2 million.

Maj Invest Equity 5 has provided financial guarantees to various portfolio companies' banks. The guarantees are maximised to DKK 90 million in total and will expire no later than August 31, 2024.

Securities

Maj Invest Equity 5 K/S has pledged shares in a portfolio company, recognised at a value of DKK 255 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.

Chairman of:

Fonden MIE 6 GP, Pesitho ApS and Soap Nordic A/S

Board member of:

Jysk Display A/S and Fonden MIFIF II GP.

Frank Visti Møbjerg

Director of:

Fravis Holding ApS.

Chairman of:

Fonden Maj Invest Equity General Partner and H & M Invest A/S.

Board member of:

Fravis Holding ApS, Fonden LDE 2 GP, Fonden LDE 3 GP, Fonden MIFIF II GP and Fonden MIE 6 GP.

Torben Kjær

Director of:

Mietra GP ApS, Glentra Eco 4 ApS, MIM II GP ApS, MIM II CIV GP ApS, 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, Fonden Maj Invest Equity General Partner and Fonden MIE 6 GP.

FINANCIAL STATEMENTS

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Investment Committee:

Jeppé Christiansen

CEO of:

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

Director of:

Maj Invest Equity A/S.

Chairman of:

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

Board member of:

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

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, Danish Microfinance Partners K/S, Private Equity Minorities I K/S, Private Equity Minorities II K/S and Maj Invest Energy Transition I K/S.

Jens Aaløse

Managing Partner of:

Maj Invest Equity A/S.

Director of:

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

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

Chairman of:

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

Vice Chairman of the boards of:

TOPDANMARK A/S and TOPDANMARK Forsikring A/S.

Board member of:

Kraka Economics ApS, Dansk Erhverv, FDM Travel A/S, Top-Danmark-Fonden, Fonden Maj Invest Equity General Partner, Gerda og Victor B. Strand Holding A/S and Gerda og Victor B. Strands Fond/Toms Gruppens Fond.

Member of Investment Committee of:

Maj Invest Minorities I K/S, Maj Invest Minorities II K/S and Maj Invest Financial Inclusion Fund III K/S.

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.

FINANCIAL STATEMENTS

NOTES

Investment Committee (continued):

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 5 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 and Management Equity Vietnam I ApS.

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

Carsten Dilling

Director of:

CDI Consult ApS.

Chairman of:

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

Board member of:

Thomas B. Thriges Fond.

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, Vestas Development A/S, Wind Power Development India A/S and Vestas Ventures 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 and Saxo Bank A/S.