



MAJ INVEST EQUITY 4 K/S

Annual report 2022

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STATEMENTS

STATEMENT BY MANAGEMENT

The board of directors has today discussed and approved the annual report for Maj Invest Equity 4 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 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 Maj Invest Equity General Partner

Board of directors:

Bjarne Thorup
(chairman)

Jens Aaløse

Frank Visti Møbjerg

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

on _____ / _____ 2023

Chairman: _____

STATEMENTS

Independent auditors' report

To the limited partners of Maj Invest Equity 4 K/S

Opinion

We have audited the financial statements of Maj Invest Equity 4 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.

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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, 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 4 K/S Gammeltorv 18 DK-1457 Copenhagen K Denmark
Contact information	E-mail: kontakt@majinvest.com Website: majinvest.com
CVR no.	33 88 76 20
Financial year	1 January – 31 December
Registered office	Copenhagen
General partner	Fonden Maj Invest Equity General Partner
Board of directors in Fonden Maj Invest Equity General Partner	Bjarne Thorup, chairman Jens Aaløse Frank Visti Møbjerg
Manager	Maj Invest Equity A/S
Depositary	Private Equity Administrators Depositary 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	113,645	677,883	11,450	38,764	249,007
Operating profit/loss	107,195	668,045	953	29,235	237,048
Profit/loss for the year	106,745	663,673	(2,879)	28,948	236,567
Balance sheet					
Investments in portfolio companies	434,000	1,192,200	954,089	871,589	920,000
Total assets	496,697	1,219,551	969,950	885,334	932,997
Equity	496,223	1,217,301	905,788	882,665	929,977
Financial resources					
Cash*	22,557	642	5,326	2,929	10,823
Remaining commitment	<u>105,619</u>	<u>110,360</u>	<u>121,342</u>	<u>151,078</u>	<u>258,367</u>
Total financial resources	<u>128,175</u>	<u>111,002</u>	<u>126,668</u>	<u>154,007</u>	<u>269,190</u>
Ratios					
Equity ratio	100%	100%	93%	100%	100%
Paid-in capital to committed capital (%)	91%	91%	90%	88%	79%

* Excluding escrow account

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Maj Invest Equity 4 K/S

The private equity fund Maj Invest Equity 4 K/S was established on 31 August 2011 as a limited partnership and is owned by both Danish and foreign professional and institutional investors. The investors have entered into a limited partnership agreement.

Maj Invest Equity 4 K/S had final closing on 28 February 2013 with a total commitment of DKK 1,214 million.

Investment and value creation strategy

Maj Invest Equity 4 K/S (Maj Invest Equity 4) has invested in well-run family and founder-owned businesses with headquarters in Denmark and with an enterprise value of minimum DKK 100 million, primarily within industrials, service, technology, medtech and trade. Maj Invest Equity 4 has typically taken the role as lead investor and has acted as both minority and majority shareholder.

Investment strategy

Maj Invest Equity 4's investment strategy focuses on growth investments and long-term value creation through operational focus and a hands-on approach in small and medium-sized Danish companies. The investment strategy is based on some fundamental investment criteria:

- Considerable potential for long-term industrial and operational value creation.
- Strong management team.
- Strong market position and competitive advantage.
- Partnership approach.
- Effective performance of the existing business model.
- Owners' and management's interests, expectations, strategy and business plan are aligned.
- Reliable financial reporting.

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BUSINESS REVIEW

Maj Invest Equity 4 pursues a partnership approach and flexible ownership models; that there is a close dialogue 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 4, 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 4, making small and mid-sized companies grow is at the heart of everything Maj Invest Equity 4 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, Maj Invest Equity has been a signatory to the UN-backed Principles for Responsible Investment, PRI, since 2010. This together with Maj Invest Equity 4's ESG policy states the commitment as a responsible investor.

The Taxonomy Regulation

According to the taxonomy regulation, Maj Invest Equity 4 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 4. 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 principles in respect of the companies in which Maj Invest Equity 4 has invested are based on operational value creation, a long-term approach to ownership and the involvement of experienced business executives in order to realise the principles which may be summarised as follows:

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- Focus on long-term industrial and operational value creation.
- Focus on driving growth in the portfolio companies.
- Ensuring long-term thinking and perspective.
- Involving experienced and competent business executives in the exercise of ownership (through the board) to ensure operational value creation focus.
- Moderate gearing.

A major aspect of the investment policy is that management in each portfolio company also holds a stake in the company to enhance motivation and responsibility.

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 4's use of business executives stretches from 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 4 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) will 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

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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.

Maj Invest Equity 4 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 are also continuously monitored and assessed 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 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

MANAGEMENT COMMENTARY

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Group from 2006 to 2007, 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 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 4 is owned by a number of professional and institutional investors holding a stake of 95.2%. The remaining stake is owned by Maj Invest Holding A/S, Maj Invest Equity Management and staff involved in investments as well as two of the external members of the fund's Investment Committee 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.

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Investors	Commitment DKKm	Interest in per cent
Dansk Vækstkapital and Pension Funds (Danish)	525.0	43.3%
Financial institutions (Danish)	25.0	2.1%
Other professional investors (Danish)	400.1	33.0%
Pension Funds (Foreign)	116.3	9.6%
Other professional investors (Foreign)	88.7	7.3%
Maj Invest Holding, management and staff in Maj Invest Equity (Danish)	56.7	4.7%
Investment Committee (Danish)	2.0	0.2%
	1,213.8	100.0%

Legal structure

Maj Invest Equity 4 is a Danish limited partnership with a commercial foundation as general partner. The general partner “Fonden Maj Invest Equity General Partner” is managed by a board of directors consisting of three members. The general partner is responsible for management and also signs for Maj Invest Equity 4 and has together with Maj Invest Equity 4 entered into a management agreement with the Manager. The general partner’s board of directors is disclosed in note 9.

Under a management agreement, the Manager handles all investment-related and administrative tasks for Maj Invest Equity 4. Consequently, Maj Invest Equity 4 has no staff employed. The Manager has made an advisory service agreement with Fondsmæglerselskabet Maj Invest A/S (MI) in respect of some of the investment-related tasks and an agreement with Maj Invest Holding A/S (Maj Invest Holding) in respect of administrative tasks.

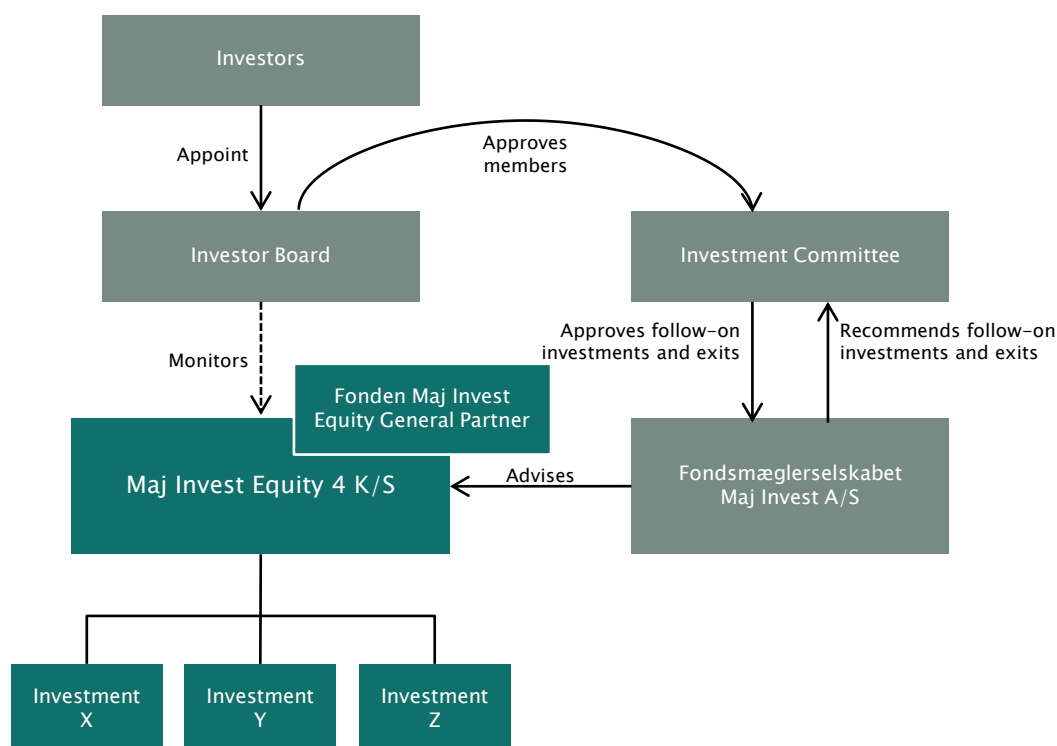
MANAGEMENT COMMENTARY

BUSINESS REVIEW

Decision structure

The investors in Maj Invest Equity 4 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 4



Maj Invest Equity 4 has established an investment committee. The Investment Committee is responsible for deciding any follow-on investments in or divestments of portfolio companies in Maj Invest Equity 4 following a recommendation by the Maj Invest Equity partner group.

The Investment Committee consists of seven members, namely the CEO of MI, four Equity partners and two experienced business executives. Reference is made to note 9, which

MANAGEMENT COMMENTARY

BUSINESS REVIEW

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 4 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 for Maj Invest Equity A/S will also be available on the website.

Carried interest

Maj Invest Equity 4 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 share of carried interest depending on the investors' returns on their investments.

Carried interest is payable if the returns on investments net of fees exceed a predetermined hurdle rate of 8% p.a. The carried interest is calculated as 20% of investor returns exceeding hurdle rate.

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

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- 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..

Development in activities and the financial position

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

The focus in 2022 was on developing the portfolio companies and navigate them best possible through the impacts from Covid-19 as well as current financial and geopolitical turbulence in order to prepare for successfully exits. During the last years most of the portfolio companies have managed to make a strong rebound and develop in new markets.

Exit

In 2022, Maj Invest Equity 4 completed two successful exits. The exit of Svendsen Sport and the exit of PcP Corporation. At year-end 2022, Maj Invest equity 4 had two remaining companies in the portfolio.

MANAGEMENT COMMENTARY

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Profit/loss for the year

The bottom-line for 2022 is a gain of DKK 107 million (against a gain in 2021 of DKK 664 million). The profit of the year is positively affected by net value adjustments of DKK 114 million. The result for 2022 is considered very satisfactory. Year 2021 was positively affected by the strong rebound after the Covid-19 pandemic and strong development in most of the portfolio companies.

Development in portfolio companies in 2022

The current portfolio comprises the following two companies:

Vega Sea A/S

Vega Sea is one of Europe's largest salmon processors, a one-stop shop for salmon products, and is known for its high quality in sourcing and processing – promotor of strong partnerships with suppliers and customers. The company is headquartered in Kolding and has a state-of-the-art production facility centrally located in Germany, and with annual processing capacity of 37,500 tonnes. Today, Vega Sea is uniquely positioned on the “salmon highway” – next door to optimal salmon farming conditions and JIT sourcing and logistics.

During the last two years Vega has significantly strengthened its valuable partnerships with customers resulting in a strong sales momentum. In the financial year 2021/22 Vega Sea met Management expectations by growing revenue approx. 24% to DKK 1,340m while keeping margins constant. In January 2023, Maj Invest Equity 4 exited Vega Sea.

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Sticks 'n' Sushi A/S

'Sticks'n'Sushi is a Danish-based restaurant group serving healthy high-quality food based on a combination of traditional sushi and yakitori sticks from the grill. The Group has 12 restaurants in the Copenhagen area, 10 restaurants in and around London, 3 catering and delivery kitchens in London and 3 restaurants in Berlin. Amid the easing of Covid-19 restrictions, the financial year of 2021/22 showed very strong performance with revenue growing by almost 50%. The financial year of 2020/21 had been negatively affected by Covid-19 as governmental restrictions in Denmark, UK and Germany forced the closure of restaurants (except takeaway). The positive development in 2021/22 was in particular driven by strong trading in the UK, in addition to the opening of a new restaurant in Berlin. Management expects continued revenue growth in 2022/23 although EBITDA is expected to be affected by rising prices on goods and utilities.

Capital resources

As mentioned above, Maj Invest Equity 4 has a total capital commitment of DKK 1,214 million. At 31 December 2022, investors had paid DKK 1,108 million, or 91% of their capital commitments. The remaining capital commitment is DKK 106 million (2021: DKK 110 million). Maj Invest Equity 4's equity amounted to DKK 496 million at 31 December 2022 (2021: DKK 1,217 million), matching an equity ratio of 100% (2021: 100%).

Maj Invest Equity 4 is able to finance follow-on investments from the time of 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.

Financial risks

The objective of Maj Invest Equity 4 is to create value in the portfolio companies and exit the portfolio companies. The major risk factor is therefore the failure to create value in the underlying portfolio companies. Changes in the macroeconomic environment and the

MANAGEMENT COMMENTARY

BUSINESS REVIEW

situation related to Ukraine/Russia, and market conditions, financing opportunities and interest levels have a tremendous impact on the potential for value creation in the portfolio companies and consequently also the future value of Maj Invest Equity 4's investments.

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 is also related to the effects of the global economy e.g. increasing raw material prices, which has become even more relevant after the conflict in Ukraine, increased energy prices, inflation and interest effects on the consumer behavior and labor shortage. Although, at this point in time, it is the assessment that the overall commercial impact on the portfolio companies in the fund is modest and no significant negative impact on short term is expected.

Events after the balance sheet day

In January 2023, Maj Invest Equity 4 completed the exit of Vega Sea A/S.

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 4 has voluntarily chosen to present the annual report in accordance with the provisions of the Danish Financial Statements Act for reporting class A entities and with the adoption of a statement of changes in equity.

Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn by the IPEV Board.

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 mainly consist of management fees and other administrative expenses.

Financial income and expenses

Financial income and expenses include interest on bank deposits, interest on bank loans and interest on loans provided by the general partner "Fonden Maj Invest Equity General Partner".

Tax

Maj Invest Equity 4 is a Danish limited partnership. The limited partnership is transparent for tax purposes and taxes are levied on the individual investor in proportion to their shares in the partnership. Consequently, no provisions for tax have been made in the financial statements. However, tax withheld on the payment of dividends and interest by the portfolio companies are recognised in the income statement under withholding tax.

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 through the use of traditional valuation methods, such as EV/EBITDA, P/E, EV/EBIT and P/B. The most recent market price, for instance in the form of an expansion of capital or a partial sale based on values of comparable companies, are also taken into consideration.

If the fair value assessment is not reliable, investments will be measured

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

at cost, with the addition of transaction costs.

Receivables

Receivables from portfolio companies and 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

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

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INCOME STATEMENT

'000 DKK	Note	2022	2021
Value adjustment of investments in portfolio companies	1	113,645	677,883
Administrative expenses		(6,450)	(9,838)
Operating profit/loss		107,195	668,045
Financial income	2	82	-
Financial expenses	3	(532)	(4,372)
Profit/loss before tax		106,745	663,673
Withholding tax		-	-
Profit/loss for the year		106,745	663,673
Proposed distribution of net profit/loss			
Retained earnings		106,745	663,673
		106,745	663,673

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BALANCE SHEET

'000 DKK	Note	31/12/2022	31/12/2021
ASSETS			
Investments in portfolio companies	4	397,686	1,122,777
Receivables from portfolio companies	5	36,313	69,423
Total investments		434,000	1,192,200
Total non-current assets		434,000	1,192,200
Other receivables		3,187	-
Prepayments		-	2,338
Total receivables		3,187	2,338
Cash	6	59,510	25,013
Total current assets		62,697	27,351
Total assets		496,697	1,219,551
EQUITY AND LIABILITIES			
Paid-in capital		1,108,133	1,103,390
Distributions		(2,644,904)	(1,812,338)
Retained earnings		2,032,994	1,926,249
Total equity		496,223	1,217,301
Debt to general partner	7	300	300
Total long-term liabilities		300	300
Debt to general partner		120	120
Other payables		54	1,830
Total short-term liabilities		174	1,950
Total liabilities		474	2,250
Total equity and liabilities		496,697	1,219,551
Contingent liabilities etc.	8		
Other notes	9		

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

'000 DKK	Paid-in capital	Distributions	Retained earnings	Total
2022				
Equity 01/01	1,103,390	(1,812,338)	1,926,249	1,217,301
Paid-in capital from limited partners	4,741	-	-	4,741
Distributions to limited partners	-	(832,565)	-	(832,565)
Profit for the year	-	-	106,745	106,745
Equity 31/12	1,108,133	(2,644,904)	2,032,994	496,223
The limited partners are liable for their share of the remaining commitment 31/12/2022				<u>105,619</u>
2021				
Equity 01/01	1,092,408	(1,449,195)	1,262,576	905,789
Paid-in capital from limited partners	10,981	-	-	10,981
Distributions to limited partners	-	(363,142)	-	(363,142)
Profit for the year	-	-	663,673	663,673
Equity 31/12	1,103,390	(1,812,338)	1,926,249	1,217,301
The limited partners are liable for their share of the remaining commitment 31/12/2021				<u>110,360</u>

FINANCIAL STATEMENTS

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'000 DKK	2022	2021
NOTE 1 Value adjustment of investments in portfolio companies		
Interests on loans to group companies	6,039	5,504
Realised and unrealised value adjustments in portfolio companies	105,856	673,379
Other adjustments	1,750	(1,000)
	113,645	677,883
NOTE 2 Financial income		
Other financial income	82	-
	82	-
NOTE 3 Financial expenses		
Financial expenses, general partner	120	120
Other financial expenses	412	4,252
	532	4,372
NOTE 4 Investments in portfolio companies		
	31/12/2022	31/12/2021
Cost at 01/01	528,069	593,819
Additions during the year	-	-
Disposals during the year	(326,519)	(65,750)
Cost at 31/12	201,550	528,069
Value adjustments at 01/01	594,709	282,317
Value adjustments during the year	99,910	481,642
Disposals during the year	(498,481)	(169,250)
Value adjustments at 31/12	196,138	594,709
Carrying amount at 31/12	397,686	1,122,777

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'000 DKK	31/12/2022	31/12/2021
NOTE 5 Receivables from portfolio companies		
Cost at 01/01	88,457	77,954
Additions during the year	<u>6,039</u>	<u>10,503</u>
Cost at 31/12	<u>94,496</u>	<u>88,457</u>
Value adjustments at 01/01	(19,035)	-
Value adjustments during the year	<u>(39,149)</u>	<u>(19,035)</u>
Value adjustments at 31/12	<u>(58,184)</u>	<u>(19,035)</u>
Carrying amount at 31/12	<u>36,313</u>	<u>69,423</u>

NOTE 6 Cash

Cash includes an escrow account of DKK 37 million.

NOTE 7 Debt to general partner

Debt to general partner is an instalment-free loan to Maj Invest Equity 4 for the full term of Maj Invest Equity 4.

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'000 DKK

NOTE 8 Contingent liabilities etc.

Contingent liabilities

Maj Invest Equity 4 has entered into a management agreement with Maj Invest Equity for the Manager's administration of Maj Invest Equity 4 as well as the provision of investment advisory services to Maj Invest Equity 4. On termination, Maj Invest Equity 4 may in certain circumstances be obliged to pay management fees for up to a 9 month period plus a share of a return exceeding a predefined level of return. At 31 December 2022, the fee payable amounted to approx. DKK 85 million (at 31 December 2021 approx. DKK 244 million).

The fund has provided financial guarantees to various portfolio companies' banks etc. The guarantees are maximised to DKK 34.5 million in total and expired in January 2023.

Maj Invest Equity 4 has in relation to exits entered into usual representations and warranties for this line of business.

In some cases, Maj Invest Equity 4's underlying holding companies are obliged to buy additional equities or options in the portfolio companies. In such cases, the limited partners may be required to contribute capital.

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NOTE 9 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 MIE 5 GP, 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

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 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 5 K/S and Private Equity Minorities I K/S.

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 LDE 2 GP, Fonden LDE3 GP, Fonden MIFIF II GP and Fonden MIE 5 GP.

FINANCIAL STATEMENTS

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NOTE 9 Board of directors and Investment Committee (continued)

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 Holdings A/S, Novo Nordisk 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 5 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 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 5 K/S and Private Equity Minorities I 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 4 K/S and Maj Invest Equity 5 K/S.

Member of Investment Committee of:

Maj Invest Equity 5 K/S.

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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.

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 and 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 5 K/S.

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 5 K/S.