

# MAJ INVEST EQUITY 5 K/S

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Annual report 2021

Per mynd dokumentatöglu: DE3Q-UYPQT-JJSZM-XHEKLHP/HSPVDX

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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 2021.

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 2021 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2021.

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

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

Copenhagen, 29 April 2022

General partner:

Fonden MIE 5 GP

Board of directors:

*Bjarne Thorup*  
(chairman)

*Frank Visti Møbjerg*

*Torben Kjær*

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

on

19 / 5

2022

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

# STATEMENTS

## Independent auditors' report

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

#### **Opinion**

We have audited the financial statements of Maj Invest Equity 5 K/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Limited Partnership's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the 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.

# STATEMENTS

## Independent auditors' report

· Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 April 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised  
Public Accountant  
mne28632

Rasmus Berntsen  
State Authorised  
Public Accountant  
mne35461

# MANAGEMENT COMMENTARY

## Fund information

|  |   |
|--|---|
| The limited partnership  | Maj Invest Equity 5 K/S<br>Gammeltorv 18<br>DK-1457 Copenhagen K<br>Denmark   |
| Contact information  | E-mail: <a href="mailto:kontakt@majinvest.com">kontakt@majinvest.com</a><br>Website: <a href="http://majinvest.com">majinvest.com</a> |
| 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<br>Maj Invest Equity General<br>Partner | Bjarne Thorup, chairman<br>Frank Visti Møbjerg<br>Torben Kjær   |
| Manager  | Maj Invest Equity A/S   |
| Depositary   | Private Equity Administrators Depositary Services ApS   |
| Auditors   | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36<br>DK-2000 Frederiksberg   |

# MANAGEMENT COMMENTARY

## KEY FIGURES AND RATIOS

| '000 DKK   | 2021      | 2020      | 2019      | 2018      | 2017      |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>Key figures</b>                                     |           |           |           |           |           |
| <b>Profit/loss</b>                                     |           |           |           |           |           |
| Value adjustment of investments in portfolio companies | 453,141   | 10,252    | (241,703) | (20,257)  | (40)      |
| Operating profit/loss                                  | 417,377   | (28,678)  | (280,601) | (59,637)  | (44,993)  |
| Profit/loss for the year                               | 414,717   | (30,333)  | (283,310) | (60,051)  | (49,689)  |
| <b>Balance sheet</b>                                   |           |           |           |           |           |
| Investments in portfolio companies                     | 1,713,200 | 961,694   | 660,556   | 574,372   | 509,649   |
| Total assets   | 1,747,725 | 1,006,205 | 706,729   | 613,121   | 528,395   |
| Equity   | 1,562,704 | 799,589   | 587,287   | 543,049   | 527,647   |
| <b>Financial resources</b>                             |           |           |           |           |           |
| Cash   | -         | 617       | 177       | 1,527     | -         |
| Remaining commitment                                   | 462,122   | 810,586   | 1,082,309 | 1,459,678 | 1,535,132 |
| Total financial resources                              | 462,122   | 811,203   | 1,082,486 | 1,461,205 | 1,535,132 |
| <b>Cash flow</b>                                       |           |           |           |           |           |
| Cash flows from operating activities                   | (369,279) | 50,676    | 623       | 11,749    | (53,892)  |
| Cash flows from investing activities                   | 20,265    | (292,871) | (329,521) | (85,674)  | (509,689) |
| Cash flows from financing activities                   | 348,398   | 242,635   | 327,549   | 75,453    | 563,581   |
| Net change in cash                                     | (617)     | 440       | (1,350)   | 1,527     | -         |
| <b>Ratios</b>  |           |           |           |           |           |
| Equity ratio   | 89%       | 79%       | 83%       | 89%       | 100%      |
| Paid-in capital to committed capital (%)               | 78%       | 62%       | 49%       | 31%       | 28%       |

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### **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 a number of 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 invests 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 takes the role as lead investor and makes both majority and minority investments.

### **Investment strategy**

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

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

### ***ESG policy***

Maj Invest Equity 5 is committed to socially responsible investments and adheres to UN's six Principles for Responsible Investment (PRI) and the UN Global Compact's ten principles. Maj Invest Equity 5 actively supports that the portfolio companies comply with the principles of the Fund's ESG Policy and monitors companies' inclusion of ESG factors in

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their operations via board participation and close partnership with the portfolio companies.

### **Value creation strategy**

The value creation strategy is characterized 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.

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 ex-

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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.

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.

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### **Maj Invest Equity Organisation**

Maj Invest Equity consists of four partners, one director, two investment managers, two associates and three analysts 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***

As part of the management succession, 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 & Company in Stockholm with strategy development, operational improvement projects, M&A and commercial due diligence.

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### *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](http://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.

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| Investors  | Commitment<br>DKKm | Interest<br>in per cent |
|--|--------------------|-------------------------|
| Pension funds (Danish) and Dansk Vækstkapital II K/S                   | 1,175.0            | 55.3%                   |
| Financial institutions (Danish)  | 100.0              | 4.7%                    |
| Other professional investors (Danish)                                  | 485.0              | 22.8%                   |
| Pension Funds (Foreign)  | 75.0               | 3.5%                    |
| Other professional investors (Foreign)                                 | 210.0              | 9.9%                    |
| Maj Invest Holding, Management and staff in Maj Invest Equity (Danish) | 79.7               | 3.8%                    |
|  | <b>2,124.7</b>     | <b>100.0%</b>           |

### 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 9.

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

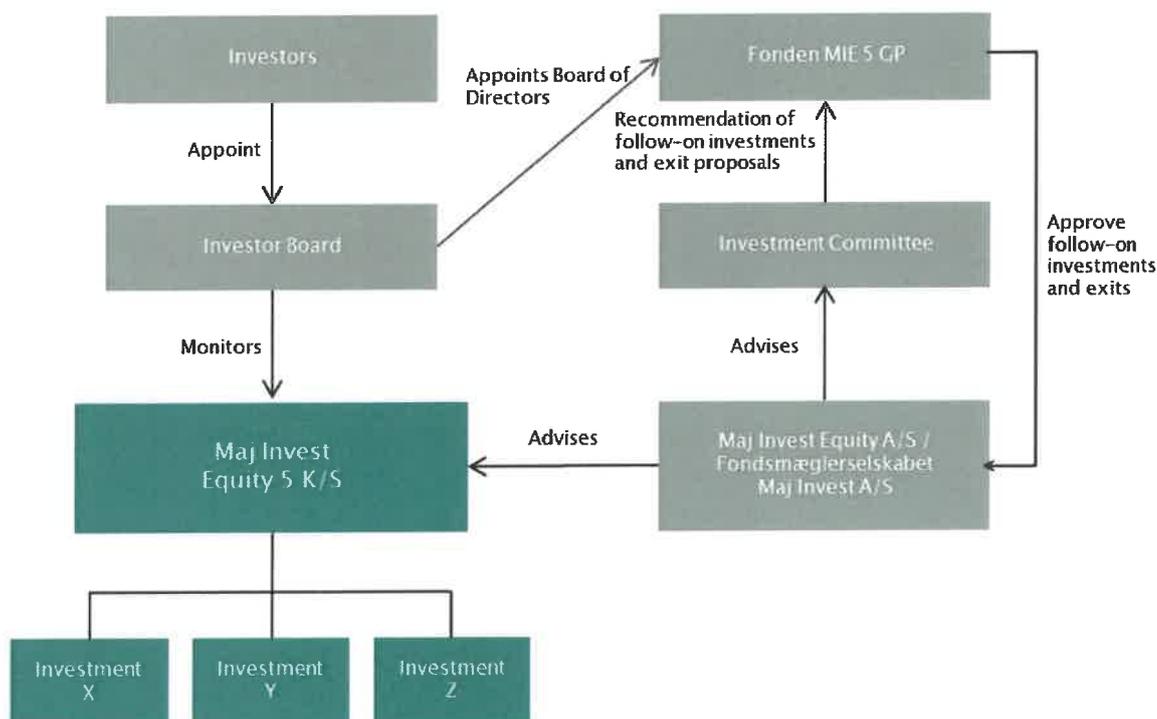
# MANAGEMENT COMMENTARY

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### Decision structure

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

### Decision structure in Maj Invest Equity 5 K/S



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

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

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to note 9, which shows any other executive functions or directorships held by investment committee members.

### **License as manager with the Danish FSA**

The Manager has received a license as manager (in Danish: forvalter) with the Danish FSA (in Danish: Finanstilsynet) and the Manager is under financial regulation and the Danish FSA supervision.

Maj Invest Equity 5 has appointed a depository in accordance with the provisions in FAIF.

Remuneration for the financial year paid to management and staff in Maj Invest Equity A/S is disclosed in the annual report of Maj Invest Equity A/S and on the website majinvest.com. 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 2021.

### **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:

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

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

### **Development in activities and the financial position**

The M&A market picked up in Denmark at the end of 2020 and the high activity has continued in 2021 setting new records for number of deals done in the market during 2021.

Covid-19 lockdowns and restrictions still affected Maj Invest Equity 5' portfolio companies through 2021, however primarily the travel agency and the restaurant business. The fund's focus has been on supporting management teams in maintaining operating activities and earnings and also to ensure sufficient financing facilities in the affected portfolio companies.

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Some of the portfolio companies have managed to make a strong rebound and develop in new markets which has reduced the negative impact on the fund's result considerably, although the travel and restaurant business was still affected.

### *Investments*

In 2021, Maj Invest Equity 5 has made two new investments in Genan Holding and N'Age.

### **Result for the year**

The bottom-line for 2021 is a profit of DKK 415 million (against a loss in 2020 of DKK 30 million). The result of the year is positively affected by net value adjustments of DKK 453 million and negatively affected by administrative expenses of DKK 36 million. The result for 2021 is considered very satisfactory.

### **Development in portfolio companies in 2021**

The current portfolio comprises the following nine companies:

#### **Icotera A/S**

Icotera is among the leading European developers of gateway, router, and software solutions for the Fiber-to-the-Home market. Through a customer-oriented business approach Icotera has become the Danish market leader with significant sales in multiple European markets. Icotera's products are sold directly to fiber network operators and internet service providers or via local partners while manufacturing is outsourced to external EMS-partners. During FY2020/21, management continued to execute its strategy resulting in growth on the existing customer base as well as the addition of a vast number of new accounts across several geographies. Consequently, both top line and earnings improved considerably vs. FY2019/20. While global supply chain bottlenecks represent an

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operational challenge, underlying momentum in the business is solid and management expects double-digit growth trajectory to continue during FY2021/22.

### **Aclass A/S**

Aclass is an online travel agency offering overseas adventure travel as packaged adventure tours to Africa, Latin America and Asia. Since its inception, the company has been operated as an e-commerce business in the travel industry and all marketing is online through three product brands – one for each destination region – deployed in seven source markets (Denmark, Norway, Sweden, Germany, UK, the Netherlands, and Finland). As was the case in 2020, performance in 2021 was severely affected by the Covid-19 pandemic, which continued to cause material disruption to the travel industry in the form of government-imposed travel bans, quarantine periods and social distancing measures. While vaccine roll-out across source and destination markets did represent a glimpse of hope, reflected in improving sales figures throughout H2, travel activity remained low, which hurt financial performance and resulted in both top line and earnings ending below FY20. For FY22, management expects financial results to improve driven by a sound order book and an underlying expectation of gradual normalization of the industry. That said, outlook remains affected by uncertainties in this regard.

### **Sovino Brands ApS**

Sovino Brands is a restaurant group consisting of 16 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 2021, Covid-19 continued to impact the business with almost 4 months of lockdown during H1 and the re-introduction of restricted opening hours towards the end of the year. However,

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strong performance in all units during the summer and fall as well as the addition of four new restaurants to the portfolio contributed to sound financial results, significantly above FY20 on both top line and earnings. For FY22, continued improvement of results is expected driven by 1) full year effect of FY21's portfolio additions and 2) continued normalisation of the F&B sector following the pandemic.

### **Roll-o-Matic A/S**

Roll-o-Matic is an engineering business that develops and builds flexible converting machinery for production of bags on roll (e.g. garbage bags) from recycled plastic, bioplastic, bio degradable plastic and other film. 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 FY2020/21 was in line with the previous year despite Covid-19 effecting the global raw material supply of electrical components. In FY 2021/22, Management expects growth in both revenue and earnings.

### **Good Food Group A/S**

Good Food Group produces a broad range of food products where the main categories are jam and frozen fruit, condiments and dressings, non-dairy cream, honey, nuts, grains, and oats. The products are sold to domestic and international supermarket chains, food-service customers, and other food processors. Products are sold under own brands as well as private labels to more than 75 countries although app. 60% of revenue comes from Scandinavia. Production facilities are in DK, SE, NO & PL. In 2021, Good Food Group realized a +6% growth driven by the 2020 acquisition of the honey producer Jakobsens A/S and improvement in the foodservice as well as in B2B whereas sales in retail on export markets were soft compared to 2020. 2021 was challenged by significantly increases in raw material prices across most categories and segments which impacted the year's

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profitability and caused earnings to end lower than 2020. For 2022, management expects to further grow revenue, whereas profitability will continue to be negatively impacted by the high raw material prices thus limiting the expectation to grow earnings.

In January 2022 it was decided to change management. The former CEO has resigned and was replaced with an interim CEO until a long-term replacement has been found.

### **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 value brand ‘W’. The company’s products are mainly sold through 3rd party physical or online retail stores with remaining sales sold on a contract basis, and products are sold worldwide with the majority of sales generated in North America. In 2021, Wendelbo was adversely impacted by Covid-19 due to a lockdown in Vietnam causing a shutdown of the production plant during the Summer. Although the orderbook was strong, supply was challenged which resulted in lower than budgeted revenue and operating profit. Management expects a positive outlook for 2022 on both the demand and supply side.

### **ferm LIVING ApS**

ferm LIVING (“ferm”) is a Danish home interior design brand in the affordable luxury segment. The company’s core is centered around home accessories, in addition to furniture, lighting and kids-specific interior. Products are sold in more than 70 countries globally, and in recent years the company has achieved considerable growth across geographic markets, range of products and sales channels, in particular within the fast-growing online segment. In 2021, ferm experienced significant growth in revenue and operating

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profit relative to 2020 leveraging firm's strong brand, market position and online platform. Management also expects a positive outlook for 2022.

### **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 2021, performance in terms of revenue and operating profit was largely in line with 2020. Management expects 2022 revenue and operating profit to be largely in line with 2021.

### **N'Age ApS**

N'Age is a leading premium provider of non-invasive cosmetic treatments in Denmark where the company operates seven clinics (as of Feb '22). 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 web-shop that sells high-end skincare products.

2021 started slowly with the Covid-19 lockdown of Denmark and clinics being closed for mid-January to March. In April, all clinics were back at full capacity and have seen a strong growth throughout rest of 2021. Two new leaseholds were signed in 2021. The first for a new clinic at Østerbro which also will house the administration. The other signed leasehold is for a new larger clinic in Odense replacing the existing clinic.

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For 2022, management expects further revenue growth in both existing and new clinics as well as growing earnings on group level.

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### Capital resources

Maj Invest Equity 5 has a total capital commitment of DKK 2,125 million. At 31 December 2021, Maj Invest Equity 5 had drawn DKK 1,663 million, or 78.2% of the capital commitments. The remaining capital commitment is DKK 462 million (DKK 811 million at 31 December 2020). Maj Invest Equity 5's equity amounted to DKK 1.563 million at 31 December 2021, matching an equity ratio of 89%.

Maj Invest Equity 5 is able to finance 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. At year-end 2021, bank debt amounts to DKK 185 million.

### Financial risks

The objective of Maj Invest Equity 5 is to invest in portfolio companies and create value in such companies. The major risk factor is therefore the failure to create value in the underlying portfolio companies. Changes in the macroeconomic environment, including effects of Covid-19 and the situation related to Ukraine/Russia, and market conditions, financing opportunities and interest levels 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.

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## BUSINESS REVIEW

### **Uncertainties relating to recognition and measurement in the financial statements**

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

Uncertainty is also related to the effects of the global supply chain issues, especially considering the impact related to component shortage, increasing raw material prices and production abroad, which has become even more relevant after the conflict in Ukraine. 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. Even though the full impact of Ukraine/Russia is not clear at this point of time, the effects over time may prove to have more negative impact on the portfolio companies.

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

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

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### GENERAL

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 accounting policies are the same as last year.

### Recognition and measurement

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

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

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

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

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

### Foreign currency translation

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

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### Value adjustment of investments in portfolio companies

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

#### Administrative expenses

Administrative expenses include mainly management fees, partnership formation costs, broken deal costs, depositary fee and other administrative costs.

#### Financial expenses

Financial expenses include 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 | 2021           | 2020            |
|--|------|----------------|-----------------|
| Value adjustment of investments in portfolio companies | 1    | 453,141        | 10,252          |
| Administrative expenses                                |      | (35,764)       | (38,930)        |
| <b>Operating profit/loss</b>                           |      | <b>417,377</b> | <b>(28,678)</b> |
| Financial expenses                                     | 2    | (2,660)        | (1,656)         |
| <b>Result for the year</b>                             |      | <b>414,717</b> | <b>(30,333)</b> |
| <b>Proposed distribution of net profit/loss</b>        |      |                |                 |
| Retained earnings                                      |      | 414,717        | (30,333)        |
|  |      | <b>414,717</b> | <b>(30,333)</b> |

# FINANCIAL STATEMENTS

## BALANCE SHEET

| '000 DKK  | Note | 31/12/2021       | 31/12/2020       |
|---|------|------------------|------------------|
| <b>ASSETS</b>                                   |      |                  |                  |
| Investments in portfolio companies              | 3    | 1,713,200        | 961,694          |
| <b>Total investments</b>                        |      | <b>1,713,200</b> | <b>961,694</b>   |
| <b>Total non-current assets</b>                 |      | <b>1,713,200</b> | <b>961,694</b>   |
| Receivables from portfolio companies            | 4    | 25,000           | 25,000           |
| Other receivables                               |      | 438              | -                |
| Prepayments                                     |      | 9,087            | 18,894           |
| <b>Total receivables</b>                        |      | <b>34,525</b>    | <b>43,894</b>    |
| <b>Cash</b>                                     |      | <b>-</b>         | <b>617</b>       |
| <b>Total current assets</b>                     |      | <b>34,525</b>    | <b>44,511</b>    |
| <b>Total assets</b>                             |      | <b>1,747,725</b> | <b>1,006,205</b> |
| <b>EQUITY AND LIABILITIES</b>                   |      |                  |                  |
| Paid-in capital                                 |      | 1,662,528        | 1,314,064        |
| Distributions                                   |      | (81,124)         | (81,058)         |
| Retained earnings                               |      | (18,700)         | (433,418)        |
| <b>Total equity</b>                             | 5    | <b>1,562,704</b> | <b>799,589</b>   |
| Debt to banks                                   |      | 184,787          | 206,399          |
| Other payables                                  |      | 234              | 217              |
| <b>Total short-term liabilities</b>             |      | <b>185,021</b>   | <b>206,616</b>   |
| <b>Total liabilities</b>                        |      | <b>185,021</b>   | <b>206,616</b>   |
| <b>Total equity and liabilities</b>             |      | <b>1,747,725</b> | <b>1,006,205</b> |
| Cash flow statement – adjustments               | 6    |                  |                  |
| Cash flow statement – change in working capital | 7    |                  |                  |
| Contingent liabilities                          | 8    |                  |                  |
| Other notes                                     | 9    |                  |                  |

# FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

| '000 DKK  | Note | 2021             | 2020             |
|---|------|------------------|------------------|
| Profit/loss for the year  |      | 414,717          | (30,333)         |
| Adjustments   | 6    | (769,110)        | (6,611)          |
| Change in working capital   | 7    | (12,226)         | 89,277           |
| <b>Cash flows from operating activities before net financials</b> |      | <b>(366,619)</b> | <b>52,332</b>    |
| Financial expenses  |      | (2,660)          | (1,656)          |
| <b>Cash flows from operating activities</b>                       |      | <b>(369,279)</b> | <b>50,676</b>    |
| Purchase of investments in portfolio companies                    |      | (298,331)        | (292,871)        |
| Sale of shares in portfolio companies                             |      | 318,596          | -                |
| <b>Cash flows from investing activities</b>                       |      | <b>20,265</b>    | <b>(292,871)</b> |
| Paid-in capital from limited partners                             |      | 348,464          | 271,723          |
| Distributions to limited partners                                 |      | (67)             | (29,088)         |
| <b>Cash flows from financing activities</b>                       |      | <b>348,398</b>   | <b>242,635</b>   |
| <b>Cash flows for the year, net</b>                               |      | <b>(617)</b>     | <b>440</b>       |
| Cash at the beginning of the year                                 |      | 617              | 177              |
| <b>Cash at the end of the year</b>                                |      | <b>-</b>         | <b>617</b>       |

# FINANCIAL STATEMENTS

## NOTES

| '000 DKK   | 2021                    | 2020                  |
|--|-------------------------|-----------------------|
| <b>NOTE 1 Value adjustment of investments in portfolio companies</b> |                         |                       |
| Interest on loans to group companies                                 | -                       | 1,236                 |
| Realised gain/loss in portfolio companies                            | (34)                    | -                     |
| Unrealised value adjustments   | 453,175                 | 8,267                 |
| Capital gain on loan to group companies                              | -                       | 750                   |
|  | <u>453,141</u>          | <u>10,252</u>         |
| <b>NOTE 2 Financial expenses</b>                                     |                         |                       |
| General Partner, annual financial risk premium                       | 56                      | 51                    |
| Other financial expenses   | 2,604                   | 1,605                 |
|  | <u>2,660</u>            | <u>1,656</u>          |
| <b>NOTE 3 Investments in portfolio companies</b>                     |                         |                       |
|  | <u>31/12/2021</u>       | <u>31/12/2020</u>     |
| Cost at 01/01  | 1,241,776               | 948,905               |
| Additions during the year  | 298,331                 | 292,871               |
| Disposals during the year  | (318,629)               | -                     |
| Cost at 31/12  | <u>1,221,478</u>        | <u>1,241,776</u>      |
| Value adjustments at 01/01   | (280,082)               | (288,349)             |
| Value adjustments during the year                                    | <u>771,804</u>          | <u>8,267</u>          |
| Value adjustments at 31/12   | <u>491,722</u>          | <u>(280,082)</u>      |
| <b>Carrying amount at 31/12</b>                                      | <u><b>1,713,200</b></u> | <u><b>961,694</b></u> |

### *Uncertainties relating to recognition and measurement in the financial statements.*

The investments in the 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.

# FINANCIAL STATEMENTS

## NOTES

| '000 DKK  | 31/12/2021              | 31/12/2020            |
|---|-------------------------|-----------------------|
| <b>NOTE 4 Receivables from portfolio companies</b>                          |                         |                       |
| Cost at 01/01   | 25,000                  | 27,102                |
| Additions during the year   | -                       | 26,986                |
| Disposals during the year   | -                       | (29,088)              |
| Cost at 31/12   | <u>25,000</u>           | <u>25,000</u>         |
| <b>Carrying amount at 31/12</b>   | <b><u>25,000</u></b>    | <b><u>25,000</u></b>  |
| <b>NOTE 5 Equity</b>  |                         |                       |
| Equity at beginning of year   | 799,589                 | 587,287               |
| Paid-in capital from investors  | 348,464                 | 271,723               |
| Distributions to investors  | (67)                    | (29,088)              |
| Retained earnings   | 414,717                 | (30,333)              |
| <b>Equity at end year</b>   | <b><u>1,562,704</u></b> | <b><u>799,589</u></b> |
| The limited partners are liable for their share of the remaining commitment | <u>462,122</u>          | <u>810,586</u>        |
| <b>NOTE 6 Cash flow statement – adjustments</b>                             |                         |                       |
| Financial expenses  | 2,660                   | 1,656                 |
| Realised value adjustments  | 34                      | -                     |
| Unrealised value adjustments in portfolio companies                         | (771,804)               | (8,267)               |
|   | <b><u>(769,110)</u></b> | <b><u>(6,611)</u></b> |
| <b>NOTE 7 Cash flow statement – change in working capital</b>               |                         |                       |
| Change in receivables   | 9,369                   | 2,103                 |
| Change in other short-term liabilities                                      | (21,595)                | 87,174                |
|   | <b><u>(12,226)</u></b>  | <b><u>89,277</u></b>  |

# FINANCIAL STATEMENTS

## NOTES

### NOTE 8 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 2021, the fee amounted to app. DKK 13 million.

The fund has provided financial guarantees to various portfolio companies' banks. The guarantees are maximised to DKK 28.5 million in total and will expire no later than July 10, 2022.

#### *Securities*

All shares in a holding company have been pledged as security for commitment with the bank.

### 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 and AEP Logistics Properties I Komplementar ApS.

##### *Chairman of:*

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

##### *Vice Chairman of the boards of:*

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

##### *Board member of:*

Bo-Hus A/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 Maj Invest Equity General Partner, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIFIF II GP.

# FINANCIAL STATEMENTS

## NOTES

### Board of Directors of the general partner (continued):

#### *Torben Kjær*

##### **Director of:**

PE Minorities GP ApS.

##### **Board member of:**

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

##### **Member of Investment Committee of:**

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

### Investment Committee:

#### *Jeppe Christiansen*

##### **CEO of:**

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

##### **Director of:**

Maj Invest Equity A/S and Det Kgl. Vajsenhus.

##### **Chairman of:**

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

##### **Board member of:**

Kirkbi A/S, Novo Nordisk A/S, Novo Holdings A/S, Bellabeat Inc., Pluto Naturfonden, Lone Dybkjær Fonden 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, Maj Invest Financial Inclusion Fund III K/S, Danish Microfinance Partners K/S, Maj Invest Equity 4 K/S and Private Equity Minorities I K/S.

#### *Jens Aaløse*

##### **Managing Partner of:**

Maj Invest Equity A/S.

##### **Director of:**

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

##### **Chairman of:**

Sticks 'N' Sushi A/S, Sticks 'N' Sushi Holding A/S, 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:**

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

##### **Member of Investment Committee of:**

Private Equity Minorities I K/S.

# FINANCIAL STATEMENTS

## NOTES

### Investment Committee (continued):

#### **Niels Toft**

##### **Director of:**

Maks ApS.

In addition, managing director or directorship of several holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and

Maj Invest Equity 5 K/S

##### **Chairman of:**

Fonden LDE 2 GP.

##### **Member of Investment Committee of:**

Maj Invest Equity 4 K/S.

#### **Mads Andersen**

##### **Director of:**

MPHA Invest ApS.

In addition, managing director or directorship of several holding companies and underlying portfolio companies owned by Maj Invest Equity 4 K/S and

Maj Invest Equity 5 K/S.

##### **Member of Investment Committee of:**

Maj Invest Equity 4 K/S.

#### **Thomas Riis**

##### **Director of:**

ACE Capital ApS, Ole Riis Holding ApS, Danish Microfinance Partners General Partner ApS, Danish Microfinance Partners Management ApS, DMP Holding 1 ApS, General Partner Equity 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.

##### **Board member of:**

Terma A/S.

##### **Member of Investment Committee of:**

Maj Invest Equity 4 K/S.

# FINANCIAL STATEMENTS

## NOTES

### Investment Committee (continued):

***Henrik Andersen***

***CEO of:***

Vestas Wind Systems A/S.

***Director of:***

Vestas Infrastructure Invest ApS.

***Chairman of:***

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

***Board member of:***

Copenhagen Infrastructure Partners Holding P/S and Copenhagen Infrastructure Partners GP Interests Holding K/S.

***Member of Investment Committee of:***

Maj Invest Equity 4 K/S.