



MAJ INVEST EQUITY 4 K/S

Annual report 2021

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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 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 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 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 _____ / _____ 2021

Chairman: _____

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

STATEMENTS

Independent auditors' report

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

Statement on the 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 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	2021	2020	2019	2018	2017
Key figures					
Profit/loss					
Value adjustment of investments in portfolio companies	677,883	11,450	38,764	249,007	738,244
Operating profit/loss	668,045	953	29,235	237,048	724,970
Profit/loss for the year	663,673	(2,879)	28,948	236,567	722,291
Balance sheet					
Investments in portfolio companies	1,192,200	954,089	871,589	920,000	1,728,298
Total assets	1,219,551	969,950	885,334	932,997	1,739,823
Equity	1,217,301	905,788	882,665	929,977	1,734,405
Financial resources					
Cash*	642	5,326	2,929	10,823	8,323
Remaining commitment	110,360	121,342	151,078	258,367	266,026
Total financial resources	111,002	126,668	154,007	269,190	274,349
Ratios					
Equity ratio	100%	93%	100%	100%	100%
Paid-in capital to committed capital (%)	91%	90%	88%	79%	78%

* Excluding escrow account

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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.

MANAGEMENT COMMENTARY

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.

CSR policy

Maj Invest Equity 4 has established a CSR policy which requires the fund to adhere to the principles laid out in the UN-backed Principles for Responsible Investment (PRI). The fund works to ensure that the underlying portfolio companies comply with relevant national legislation and international standards and principles. The policy covers areas such as human rights, employment, workplace, health and safety, anti-corruption, energy use and waste handling.

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:

- 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.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

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 divestments, negotiations with and handling of relations with finance partners, the recruitment of key management personnel and the identification and selection of specialists, advisers and consultants for special assignments in the portfolio company.

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

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Maj Invest Equity 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 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, 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

MANAGEMENT COMMENTARY

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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.

MANAGEMENT COMMENTARY

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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.

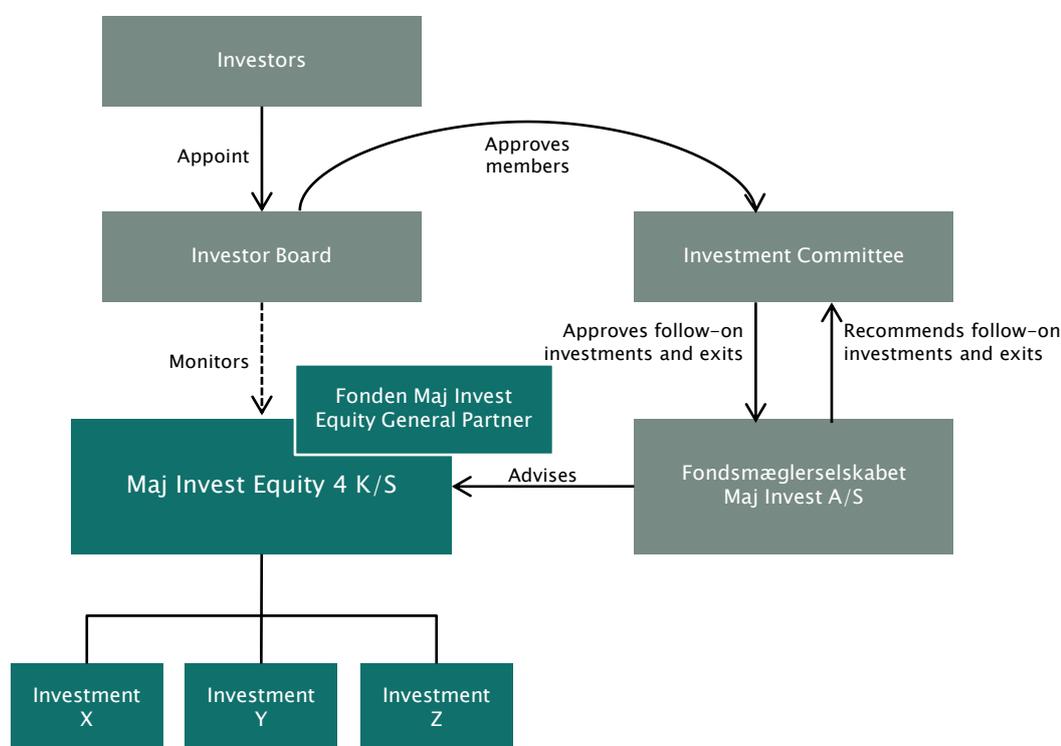
MANAGEMENT COMMENTARY

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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 shows any other executive functions or directorships held by investment committee members.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

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 and on the website majinvest.com. Information is given at Manager level. The annual report for Maj Invest Equity A/S is also 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:

- Quarterly reports on the financial situation, the development in individual portfolio companies and investment returns.
- Exit Memorandum.

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- 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 (former named 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 some of Maj Invest Equity 4' portfolio companies through 2021, however primarily 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, and continued development of the portfolio companies in order to prepare for successfully exits.

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 restaurant business was still affected.

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Exit

In 2021, Maj Invest Equity 4 completed a successful exit of the Danish dental chain Godt Smil Holding ApS. At year-end 2021, Maj Invest equity 4 K/S has four remaining companies in the portfolio.

Profit/loss for the year

The bottom-line for 2021 is a gain of DKK 664 million (against a loss in 2020 of DKK 3 million). The profit of the year is positively affected by net value adjustments of DKK 668 million based on the strong rebound after the Covid-19 pandemic and strong development in most of the portfolio companies. The result for 2021 is considered very satisfactory.

Development in portfolio companies in 2021

The current portfolio comprises the following four companies:

Vega Sea A/S

Vega Sea Group is a value-add processor of fresh and smoked salmon products. Vega Sea is one of the largest processors of salmon in Europe. The company is headquartered in Kolding and has a modern processing facility in Handewitt, Germany. Customers are mainly retailers and wholesalers in Europe, US and Australia. In the financial year 2020/21, Vega Sea realized revenue at same level as last year but with an underlying volume growth of 7% as the salmon price (head-on-gutted) on average was 13% below last financial year. Despite a challenging environment with COVID-19 restrictions negatively impacting earnings, Vega was able to grow both gross profit and EBITDA fueled by volume growth and production efficiencies. Managements expectations for 2021/22 are moderate growth in revenue and operating profit, despite challenges from COVID-19 restrictions and high salmons prices may affect the portfolio company.

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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, nine restaurants in and around London and two restaurants in Berlin. After the financial year 2019/20 where Sticks'n'Sushi was negatively affected by Covid-19 as governmental restrictions in Denmark, UK and Germany forced to close restaurants (except takeaway), the financial year 2020/21 showed increased revenue and strong performance despite continued covid-19 impact. The positive development was mainly due to positive development in take-away business. Management expects increased revenue and performance in 2021/22.

PcP Corporation A/S

PcP Corporation designs, manufactures and sells gratings, steps and related products in steel, aluminum and stainless steel in 10 European countries, mainly in Northern Europe. The products are sold to a diversified customer portfolio consisting of contractors, industrials and rental companies and for various applications within the construction, oil & gas, energy and drainage sectors. In 2021, PcP Corporation realized increased turnover and significantly improved earnings despite challenges related to Covid-19 as market reactions, development in commodity prices and raw material shortages. Management considers the result for 2021 satisfactory. PcP Corporation expects earnings in 2022 to be on the same level as 2021. However, the raw material shortages and pricing may affect the development in 2022.

Svendsen Sport A/S

Svendsen Sport is a fishing tackle equipment company with a proprietary brand portfolio covering the main fishing disciplines. The products are marketed through own sales forces in Scandinavia, Germany, UK, France, Poland, Czech, Italy, Benelux and US. In the rest of Europe and selected overseas markets, sales are marketed through distributors or similar. The strong momentum from 2020 continued into 2021 where Svendsen Sport saw

MANAGEMENT COMMENTARY

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strong growth in both revenue and earnings across all markets and major brands. Management finds the development and financial results for 2021 very satisfactory.

Capital resources

As mentioned above, Maj Invest Equity 4 has a total capital commitment of DKK 1,214 million. At 31 December 2021, investors had paid DKK 1,103 million, or 91% of their capital commitments. The remaining capital commitment is DKK 110 million (2020: DKK 121 million). Maj Invest Equity 4's equity amounted to DKK 1,217 million at 31 December 2021 (2020: DKK 906 million), matching an equity ratio of 100% (2020: 93%).

In 2020, Maj Invest Equity 4 had obtained a temporary credit facility to support liquidity in some of those portfolio companies which were severely affected by the Covid-19 situation. The temporary credit facility was repaid in 2021.

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, including effects of Covid-19 and the 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.

MANAGEMENT COMMENTARY

BUSINESS REVIEW

Uncertainties relating to recognition and measurement in the financial statements

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

Uncertainty is also related to the effects of the global supply chain issues, especially considering the impact related to component shortage and increasing raw material prices, 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

In February 2022, Maj Invest Equity 4 completed a successful exit of Svendsen Sport.

After the balance sheet day the equity of Maj Invest Equity 4 has decreased significant as a distribution has been made.

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, broken deal costs, partnership formation costs and other administrative expenses.

Financial income and expenses

Financial income and expenses include interest on bank deposits, interest on bridge 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	2021	2020
Value adjustment of investments in portfolio companies	1	677,883	11,450
Administrative expenses		(9,838)	(10,497)
Operating profit/loss		668,045	953
Financial expenses	2	(4,372)	(3,832)
Profit/loss before tax		663,673	(2,879)
Withholding tax		-	-
Profit/loss for the year		663,673	(2,879)
Proposed distribution of net profit/loss			
Retained earnings		663,673	(2,879)
		663,673	(2,879)

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BALANCE SHEET

'000 DKK	Note	31/12/2021	31/12/2020
ASSETS			
Investments in portfolio companies	3	1,122,777	876,135
Receivables from portfolio companies	4	69,423	77,954
Total investments		1,192,200	954,089
Total non-current assets		1,192,200	954,089
Prepayments		2,338	2,281
Total receivables		2,338	2,281
Cash	5	25,013	13,580
Total current assets		27,351	15,861
Total assets		1,219,551	969,950
EQUITY AND LIABILITIES			
Paid-in capital		1,103,390	1,092,408
Distributions		(1,812,338)	(1,449,195)
Retained earnings		1,926,249	1,262,576
Total equity		1,217,301	905,789
Debt to general partner	6	300	300
Other payables		-	62,616
Total long-term liabilities	7	300	62,916
Debt to general partner		120	120
Other payables		1,830	1,126
Total short-term liabilities		1,950	1,246
Total liabilities		2,250	64,162
Total equity and liabilities		1,219,551	969,950
Contingent liabilities etc.	8		
Other notes	9		

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STATEMENT OF CHANGES IN EQUITY

'000 DKK	Paid-in capital	Distributions	Retained earnings	Total
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>
2020				
Equity 01/01	1,062,672	(1,445,462)	1,265,455	882,665
Paid-in capital from limited partners	29,736	-	-	29,736
Distributions to limited partners	-	(3,733)	-	(3,733)
Profit for the year	-	-	(2,879)	(2,879)
Equity 31/12	1,092,408	(1,449,195)	1,262,576	905,789
The limited partners are liable for their share of the remaining commitment 31/12/2020				<u>121,342</u>

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'000 DKK	2021	2020
NOTE 1 Value adjustment of investments in portfolio companies		
Interests on loans to group companies	5,504	3,196
Realised and unrealised value adjustments in portfolio companies	673,379	7,004
Other adjustments	(1,000)	1,250
	677,883	11,450
NOTE 2 Financial expenses		
Financial expenses, general partner	120	120
Other financial expenses	4,252	3,712
	4,372	3,832
NOTE 3 Investments in portfolio companies		
	31/12/2021	31/12/2020
Cost at 01/01	593,819	565,457
Additions during the year	-	28,500
Disposals during the year	(65,750)	(138)
Cost at 31/12	528,069	593,819
Value adjustments at 01/01	282,317	275,375
Value adjustments during the year	481,642	7,004
Disposals during the year	(169,250)	(62)
Value adjustments at 31/12	594,709	282,317
Carrying amount at 31/12	1,122,777	876,135

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'000 DKK	31/12/2021	31/12/2020
NOTE 4 Receivables from portfolio companies		
Cost at 01/01	77,954	30,758
Additions during the year	<u>10,503</u>	<u>47,196</u>
Cost at 31/12	<u>88,457</u>	<u>77,954</u>
Value adjustments at 01/01	-	-
Value adjustments during the year	<u>(19,035)</u>	<u>-</u>
Value adjustments at 31/12	<u>(19,035)</u>	<u>-</u>
Carrying amount at 31/12	<u>69,423</u>	<u>77,954</u>
NOTE 5 Cash		
Cash includes an escrow account of DKK 24.3 million.		
NOTE 6 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.		
NOTE 7 Total long-term liabilities		
Due after 5 years	<u>-</u>	<u>-</u>

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'000 DKK

31/12/2021

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 2021, the fee payable amounted to approx. DKK 244 million (at 31 December 2021 approx. DKK 173 million).

The fund has provided financial guarantees to various portfolio companies' banks etc. The guarantees are maximised to DKK 59.4 million in total and will expire no later than August 31, 2022.

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.

Securities

All shares in a holding company has been pledged as security for commitments with bank.

FINANCIAL STATEMENTS

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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 and AEP Logistics Properties I Komplementar ApS.

Chairman of:

Pesitho ApS, Sæbefabrikken A/S and Fonden MIE 5 GP.

Vice Chairman of the boards of:

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

Board member of:

Bo-Hus A/S.

Jens Aaløse

CEO, Managing Partner of:

Maj Invest Equity A/S.

Director of:

Fondsmæglerselskabet Maj Invest A/S, Maj Inveest 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 and Gerda og Victor B. Strand Holding A/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 MIE 5 GP, Fonden LDE 2 GP, Fonden LDE 3 GP and Fonden MIFIF II 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 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 Holdings A/S, Bellabeat Inc., Pluto Naturfonden, Lone Dybkjær Fonden Randers Regnskov (Fonden) and Novo Nordisk A/S.

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

CEO, 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, Topdanmark Forsikring A/S

Board member of:

FDM Travel A/S, Gerda og Victor B. Strands Fond/Toms Gruppens Fond and Gerda og Victor B. Strand Holding A/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 4 K/S and

Maj Invest Equity 5 K/S

Chairman of:

Fonden LDE 2 GP.

Member of Investment Committee of:

Maj Invest Equity 5 K/S.

Thomas Riis

Director of:

ACE Capital ApS, Ole Riis Holding ApS, Danish Microfinance Partners General Partner ApS Danish Microfinance Partners Management ApS, DMP Holding 1 ApS, General Partner Equity Vietnam ApS, 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 5 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 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 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.