

Axcel V K/S 2

C/O Kromann Reumert
Sundkrogsgade 5
2100 København Ø

CVR No. 39445549

Annual Report 2022

5. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 9 February 2023



Jesper Frydensberg Rasmussen
Chairman

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Axcel V K/S 2

Management's Statement

Today, Management has considered and adopted the Annual Report of Axcel V K/S 2 for the financial year 1 January 2022 - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 2 February 2023

Board of Directors in Axcel V GP ApS

Anders Lavesen

Anders Lavesen (3. feb. 2023 09:36 GMT+7)

Anders Bjerre Lavesen
Chairman



Christian Gymos
Schmidt-Jacobsen
Member

Jacob Høeg Madsen

Jacob Høeg Madsen (2. feb. 2023 19:45 GMT+1)

Jacob Høeg Madsen

Member

Independent Auditors' Report

To the General Partner and Limited Partners of Axcel V K/S 2

Opinion

We have audited the financial statements of Axcel V K/S 2 for the financial year 1 January 2022 - 31 December 2022, which comprise an income statement, balance sheet 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 Company's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis of 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 this auditor's report. We are independent of the Entity 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting provisions of the Danish Financial Statements Act governing micro entities, 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 Entity's internal control.

Independent Auditors' Report

- * 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 Entity'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 in-adequate, 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 Entity to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary and statement on the supplementary report provided for in the Sustainable Finance Disclosure Regulation (SFDR)

Management is responsible for the management commentary, as well as for the supplementary report on disclosures in accordance with the SFDR etc, hereinafter referred to as "the supplementary report".

Our opinion on the financial statements does not cover the management commentary or the supplementary report, 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 commentary and the supplementary report and, in doing so, consider whether the management commentary and the supplementary report are materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appear to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary and the supplementary report are in accordance with the financial statements and have been prepared in accordance with the requirements of the Danish Financial Statements Act.

We did not identify any material misstatement of the management commentary or the supplementary report.

Copenhagen, 2 February 2023

Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Bill Haudal Pedersen

Bill Haudal Pedersen (2. feb. 2023 16:08 GMT+1)

Bill Haudal Pedersen

State Authorised Public Accountant

mne30131



Michael Thorø Larsen

State Authorised Public Accountant

mne35823

Axcel V K/S 2

Company details

Company	Axcel V K/S 2 C/O Kromann Reumert Sundkrogsgade 5 2100 København Ø
CVR No.	39445549
Financial year	01-01-2022 - 31-12-2022

Board of Directors in Axcel V GP ApS

Anders Bjerre Lavesen
Christian Gyms Schmidt-Jacobsen
Jacob Høeg Madsen

Administration company	Axcel Management A/S
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Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S CVR-no.: 33963556
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Depository	Intertrust Depository Services (Denmark) A/S Sundkrogsgade 21 2100 København Ø
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Management's Review

The Company's primary activities

Axcel V K/S ("the Fund") is a private equity fund that invests in mid-size Nordic based companies with the purpose of developing these commercially. Axcel V K/S is managed by Axcel Management A/S, a manager under supervision by the Danish FSA.

Axcel V K/S was established on 6 April 2017 and had final close on 28 March 2018. Axcel V K/S will co-invest with other partnerships and the funds have a combined commitment of EUR 617m.

Development in the activities and finances

During the investment period, which ended in August 2021, the Fund acquired nine companies. After the investment period, the Fund has focused on developing the acquired companies until they are divested.

In 2022, Axcel V K/S sold its investments in Steelseries, Isadora, Aidian and European Sperm Bank with strong returns. The five remaining investments in Gubi, Loopia, Mountain Top, Nissens and Phase One have also performed well during 2022 and with a few exceptions, increased in value during the year.

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of t.EUR 7.018 and the Balance Sheet at 31 December 2022 a balance sheet total of t.EUR 16.990 and an equity of t.EUR 16.972.

The result is in line with management's expectations.

Material changes in the accounting year and other information

According to the Danish disclosure requirements of the AIFMD Act1 the Annual report shall contain information on material changes as listed in §§ 62, 64 and 65.

The strategy of the Fund has since the formation been unchanged. The Fund does not make use of gearing.

The Fund has appointed Intertrust Depositary Services (Denmark) A/S as depositary to the Fund.

The share of assets placed in illiquid assets amount to approximately 99.8%. No special requirements are attached to these assets.

The Fund is close-ended and therefore bears no liquidity risk towards the limited partners. The Fund Manager has established risk management systems for measuring the Funds liquidity. The liquidity is managed in such a way that the value of the Funds assets and the undrawn commitment from the Funds investors at all times shall be adequate to honor the Funds actual and potential liabilities.

Uncertainty relating to recognition and measurement

The unrealized result on investments in portfolio companies, which are recognized in the income statement and the value of the investments that are recognized and measured in the balance sheet, are based on accounting judgement and estimates, which are uncertain by nature.

When measuring the fair value of the unlisted investments, the General Partner assesses the stage of the portfolio companies compared to the initial plans at the time of making the initial investments, future financing requirements, commercialization possibilities, timing of exit and possible exit values, including changes in earnings and multiples.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Supplementary Reports

Please refer to supplementary report provided for the Sustainable Finance Disclosure Regulation on page 15.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:
in EURm

	2022	2021	2020	2019	2018
Result from investments	7	12	3	3	0
Profit/loss for the year	7	11	3	3	-1
Investments	17	39	27	24	13
Equity	17	39	27	20	13

For definitions of key ratios, see Accounting and Valuation Principles

Accounting Policies

Reporting Class

The annual report of Axcel V K/S 2 for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The annual report is presented in thousand EUR.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Other external expenses

Other external expenses include expenses for management fee, administration and abort cost.

Income from other investments and receivables that are fixed assets

Income from investments in portfolio companies comprises gains/losses from divestments, fair value changes and received dividends and other similar types of returns from the investments.

Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses.

Accounting Policies

Balance sheet

Investments in portfolio companies

Investments in portfolio companies comprise equity investments in portfolio companies measured at fair value through profit or loss.

The fair value of the unlisted investments is determined in accordance with IPEV's Valuation Guidelines, according to which the fair value – depending on the type and maturity of the investment – is determined to be equal to cost (typically applied for new investments) or multiple-based calculations based on industry benchmarks.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity includes paid-in capital and transferred profit reduction with payments to the Limited Partners.

Other financial liabilities

Other financial liabilities comprise accounts payable and other liabilities.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2022 tEUR	2021 tEUR
Other external expenses	1	-276	-338
Profit from ordinary operating activities		-276	-338
Income from other investments and receivables that are fixed assets		7.297	11.656
Finance expences	2	-3	-4
Profit from ordinary activities before tax		7.018	11.314
Profit		7.018	11.314
Proposed distribution of results			
Retained earnings		7.018	11.314
Distribution of profit		7.018	11.314

Balance Sheet as of 31 December

	Note	2022 tEUR	2021 tEUR
Assets			
Investments in portfolio companies measured at fair value		16.793	39.120
Investments		<u>16.793</u>	<u>39.120</u>
Fixed assets		<u>16.793</u>	<u>39.120</u>
Pre-paid expenses and other receivables		192	39
Receivables		<u>192</u>	<u>39</u>
Cash and cash equivalents		<u>5</u>	<u>4</u>
Current assets		<u>197</u>	<u>43</u>
Assets		<u>16.990</u>	<u>39.163</u>

Balance Sheet as of 31 December

	Note	2022 tEUR	2021 tEUR
Liabilities and equity			
Contributed capital		23.872	23.552
Retained earnings		-6.900	15.568
Equity	3	<u>16.972</u>	<u>39.120</u>
Trade payables		18	43
Short-term liabilities other than provisions		<u>18</u>	<u>43</u>
Liabilities other than provisions within the business		<u>18</u>	<u>43</u>
Liabilities and equity		<u>16.990</u>	<u>39.163</u>
Contingent liabilities	4		

Notes

1. Administrative expenses

According to Article 107 of the AIFM Directive, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed. For information about remuneration, please refer to the annual report of the Fund Manager.

The Board of Directors has adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds, etc.

2. Finance expenses

	2022	2021
Other finance expenses	3	4
	3	4

3. Statement of changes in equity

in t.EUR

	Limited Partners' contribution	Retained earnings	Total
Balance at 1 January 2022	23.552	15.568	39.120
Contributions from Limited Partners	320		320
Comprehensive result for the year		-29.486	-29.486
		7.018	7.018
Balance at 31 December 2022	23.872	-6.900	16.972

4. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

Supplementary Reports

Periodic disclosure for Article 8 financial products

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852 for the period 01.01.2022-31.12.2022.

Product name: Axcel V

Legal entity identifier: 89450012BSVE5Z4ZU905

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promotes the following environmental and social characteristics:

- 1) Axcel V seeks to improve gender diversity in portfolio company leadership teams.
- 2) Axcel V seeks to reduce GHG emissions in its portfolio companies.
- 3) The fund considers principal adverse impacts on sustainability factors and seeks to reduce adverse impacts of portfolio companies.

- 4) Since 2021, Axcel V implements Axcel Management's five-step sustainability programme in portfolio companies. Axcel V requires companies to implement required ESG policies, commitments, and processes including:
- a) Code of conduct
 - b) Sustainability policy
 - c) Supplier code of conduct
 - d) Data privacy policy
 - e) Whistleblower scheme
 - f) Commitment to the UN Global Compact
 - g) Define ESG priorities linked to the UN Sustainable Development Goals

How did the sustainability indicators perform?

Diversity, equity & inclusion

Axcel V targets that during its ownership period 40% of persons hired into portfolio company leadership teams will be of the underrepresented gender (measured as the share of women hired into the leadership team, or in the case men are the underrepresented gender, the share of men hired into the leadership team). The target applies from January 2022 onwards.

2022As per figures reported end Q3 2022 in 50% of Axcel V companies more than 40% of additions to leadership teams were women, while in 33% of Axcel V companies gender parity was achieved when tracking began and there was therefore no underrepresented gender. In 17% of Axcel V companies less than 40% of additions to the leadership team were of the underrepresented gender.

Climate change

Axcel Management is committed to Science Based Targets. Axcel Management targets that by 2025 60% of portfolio companies across Axcel funds (IV, V, VI and future funds) will have set approved Science Based Targets in line with a 1.5-degree trajectory and that by 2030 100% of portfolio companies have done so. Portfolio coverage is measured as a share of invested capital.

As per 31 December 2022, two companies in the Axcel portfolio had approved Science Based targets representing 27% of invested capital (note, companies owned less than two years are excluded from the baseline). One of the companies, GUBI, is owned by Axcel V.

Principal adverse impact indicators

During 2022 Axcel V companies began reporting on principal adverse impact indicators. This is the first full year of reporting. Initiatives to address impacts will be developed based on the baselines established during 2023.

ESG requirements

As per 31 December 2022, 100% of Axcel V companies had implemented required ESG policies, commitments, and processes (Sustainability policy, Code of conduct, Supplier code of conduct, Data privacy policy, Whistleblower scheme, Commitment to the UN Global Compact, Define ESG priorities linked to the UN Sustainable Development Goals).

...and compared to previous periods?

A performance comparison will be provided in next year's disclosure covering the period 01.01.2023-31.12.2023 as this report constitutes the first and therefore there is no previous report to compare to.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088. The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



How did this financial product consider principal adverse impacts on sustainability factors?

Axcel V began collecting data on the principal adverse indicators presented in Annex 1 of the Sustainable Finance Disclosure Regulation Regulatory Technical Standards. Axcel engages with its companies on sustainability matters with the aim of reducing adverse impacts and increasing positive impacts on sustainability topics, including the adverse sustainability indicators.



What were the top investments of this financial product?

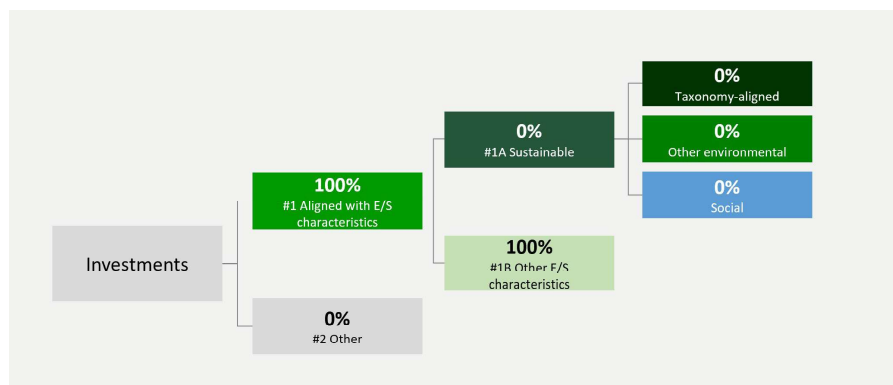
The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: May 2020 – October 2022

Largest investments	Sector	% Assets (share of invested capital)	Country
SteelSeries	Consumer		Denmark
Phase One	Technology		Denmark
GUBI	Consumer		Denmark
Total		42%	



What was the proportion of sustainability-related investments?

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers environmentally and socially sustainable investments.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Investments have been made in Industrials & Business Services, Healthcare, Technology and Consumer sectors.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088. None of the investments (0%) are aligned with the EU Taxonomy.

What was the share of investments made in transitional and enabling activities?

None of the investments (0%) are aligned with the EU Taxonomy criteria for transitional or enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

A performance comparison will be provided in next year's disclosure covering the period 01.01.2023-31.12.2023 as this report constitutes the first and therefore there is no previous report to compare to.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

- Yes
 - In fossil gas
 - In nuclear energy
- No



What was the share of socially sustainable investments?

This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088.



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

No investments are included under "other". All investments are categorized as #1B Other E/S characteristics.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

- Defined portfolio-wide sustainability focus areas and goals (diversity, equity & inclusion, climate change, ESG management)
- Committed to the Science Based Targets initiative and set ambitious climate targets
- Strengthened ESG data management and began collecting EU Principal Adverse Impact data
- Continued engagement with portfolio companies through Board review of progress on ESG priorities, ongoing sparring with Axcel Management's Head of Sustainability, quarterly reporting to Axcel Management, and competency building events



How did this financial product perform compared to the reference benchmark?

A reference benchmark has not been defined for this product.

How does the reference benchmark differ from a broad market index?

Not applicable as a reference benchmark has not been defined for this product.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable as a reference benchmark has not been defined for this product.

How did this financial product perform compared with the reference benchmark?

Not applicable as a reference benchmark has not been defined for this product.

How did this financial product perform compared with the broad market index?

Not applicable as a broad market index has not been used for this product.