Deloitte.

Axcel V K/S 2

C/O Kromann Reumert Sundkrogsgade 5
2100 København Ø
CVR No. 39445549

Annual report 2023

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 08.02.2024

Jesper Frydensberg Rasmussen
Chairman

Contents

Entity details

Entity

Axcel V K/S 2
C/O Kromann Reumert Sundkrogsgade 5
2100 København Ø

Business Registration No.: 39445549
Date of foundation: 28.03.2018
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Fund Manager:
The General Partner is Axcel V GP ApS and the Fund Manager is Axcel Management A/S, FT no. 23101

Board of Directors in Axcel V GP ApS

Christian Gymos Schmidt-Jacobsen, Chairman
Mads Dreyer Laursen, Member
Jacob Høeg Madsen, Member

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Depositary:
Intertrust Depositary Services (Denmark) A/S
Sundkrogsgade 21
2100 København Ø

Statement by Management

Today, Management has considered and adopted the Annual Report of Axcel V K/S 2 for the financial year 1 January 2023 - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

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

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 02.02.2024

Board of Directors in Axcel V GP ApS

Christian Gymos Schmidt-Jacobsen
Chairman

Mads Dreyer Laursen
Member

Jacob Høeg Madsen
Member

Independent auditor's report

To the shareholders of Axcel V K/S 2

Opinion

We have audited the financial statements of Axcel V K/S 2 for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of 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 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 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 responsibilities 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.

- 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 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 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

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears 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 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 commentary.

Copenhagen, 02.02.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen
State Authorised Public Accountant
Identification No (MNE) mne30131

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Financial highlights

	2023 EUR'000	2022 EUR'000	2021 EUR'000	2020 EUR'000	2019 EUR'000
Key figures					
Operating profit/loss	(186)	(276)	(342)	(371)	(653)
Profit/loss for the year	1,801	7,018	11,314	2,550	2,753
Total assets	16,825	16,990	39,163	27,315	24,061
Equity	16,825	16,972	39,120	27,147	19,625
Ratios					
Return on equity (%)	10.66	25.02	34.15	10.90	16.69

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Primary activities

Axcel V K/S 2 is a private fund which invests in mid-size Nordic based companies with the purpose of developing these commercially. Axcel V K/S 2 is managed by Axcel Management A/S, a manager under supervision by the Danish FSA.

Description of material changes in activities and finances

According to the Danish disclosure requirments of the AIFMD Act1 the Annual report shall contain information on material chages 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 appoined 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 requirments are attached to these assets.

The Fund is close-ended and therefore bears no liquidity risk toward the limited partners. The Fund Manager has established risk management systems for measuring the Funds liquidity. The liquidity is managed in such 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.

Information according to the Alternative Investment Fund Managers Directive

According to Article 22 of the Alternative Investment Fund Managers Directive, Alternative Investment Funds (AIF) must make certain disclosures to investors in connection with the presentation of financial statements.

During the financial period covered by the financial statements, there have been no significant changes in the matters below:

- The Fund's Investment strategy;
- Valuation principles of the Fund's investments;
- The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;
- New arrangements for managing the Fund's liquidity;
- The Fund's risk profile and the risk management systems implemented by the Fund Manager used to manage the Fund's risks;
- There have been no amendments to the maximum level of leverage which the Fund Manager can use on behalf of the Fund. Nor has there been any changes in the right to use collateral or any guarantee accordance with the agreement allowing for the leverage.

Development in activities and finances

Axcel V K/S 2 was established and had final close on 28 March 2018. Axcel V K/S 2 co-invests with other partnerships and the funds have a combined commitment of EUR 617m from its limited partners.

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 2 sold its investments in Mountain Top. The four remaining investments in Nissens, Loopia, Gubi and Phase One have also performed well during 2023 and with a few exceptions, increased in value during the year.

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 reognized 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 20.

Income statement for 2023

	Notes	2023 EUR'000	2022 EUR '000
Other external expenses	1	(186)	(276)
Gross profit/loss		**(186)**	**(276)**
Income from financial assets		1,986	7,297
Other financial income		1	0
Other financial expenses	2	0	(3)
Profit/loss for the year		**1,801**	**7,018**
Proposed distribution of profit and loss:			
Extraordinary dividend distributed in the financial year		2,242	29,486
Retained earnings		(441)	(22,468)
Proposed distribution of profit and loss		**1,801**	**7,018**

Balance sheet at 31.12.2023

Assets

	Notes	2023 EUR'000	2022 EUR'000
Other investments		16,488	16,793
Financial assets		**16,488**	**16,793**
Fixed assets		**16,488**	**16,793**
Other receivables		300	192
Receivables		**300**	**192**
Cash		**37**	**5**
Current assets		**337**	**197**
Assets		**16,825**	**16,990**

Equity and liabilities

	Notes	2023 EUR'000	2022 EUR'000
Contributed capital		24,166	23,872
Retained earnings		(7,341)	(6,900)
Equity		**16,825**	**16,972**
Trade payables		0	18
Current liabilities other than provisions		**0**	**18**
Liabilities other than provisions		**0**	**18**
Equity and liabilities		**16,825**	**16,990**
Employees	3		
Fair value information	4		
Contingent liabilities	5		

Statement of changes in equity for 2023

	Contributed capital EUR'000	Retained earnings EUR'000	Proposed extraordinary dividend EUR'000	Total EUR'000
Equity beginning of year	23,872	(6,900)	0	16,972
Increase of capital	294	0	0	294
Extraordinary dividend paid	0	0	(2,242)	(2,242)
Profit/loss for the year	0	(441)	2,242	1,801
Equity end of year	**24,166**	**(7,341)**	**0**	**16,825**

At 31.12.2023 carried interest has reduced the fair value of investment, and total net assets, with a total of 5.0 mEUR. In 2023 carried interest has increased income from portfolio companies with 0.6 mEUR.

Notes

1 Other external 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.
In accordance with section 61 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for 2023 for Axcel Management A/S, Business Reg. No. 28 30 18 55.

The Fund Manager must also disclose the information necessary to provide an understanding of the risk profile of the Fund and the measures that the Fund Manager takes to avoid or manage conflicts of interest between the Fund Manager and the Limited Partners. 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.

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:
- Promoting of sound and effective risk management, which does not encourage excessive risk-taking.
- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

At 31.12.2023 carried interest has reduced the fair value of investment, and total net assets, with a total of 5.0 mEUR. In 2023 carried interest has increased income from portfolio companies with 0.6 mEUR.

2 Other financial expenses

	2023 EUR'000	**2022 EUR'000**
Other financial expenses	0	3
	0	**3**

3 Employees

The Entity has no employees.

4 Fair value information

	Portfolio companies EUR'000
Fair value end of year	16,489

All investments are unlisted level 3 assets.
The Fund Manager regularly and at least on a quarterly basis reviews the fair value of its portfolio companies in connection with its non-public reporting to its Limited Partners and in connection with the preparation of the

financial statements.

The Fund's portfolio companies are not classified as investment companies. They are engaged in doing business in trading and development, etc. The Fund has no limitations concerning the potential reception of dividends or having loans etc. repaid from the portfolio companies, apart from the fact that distribution from the portfolio companies can only take place if it is considered proper and prudent according to the principles in the Company Laws.

Fair value hierarchy for determining fair value for investments in portfolio companies
IFRS has established a fair value hierarcy for certain assets measured at fair value:
- Quoted prices in active markets for identical instruments (level 1)
- Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data (level 2)
- Valuation techniques under which any material inputs are not based on observable market data (level 3).

The measurement of investments in portfolio companies classified according to level 3 is based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflects fair value, assessment of the performance of each group enterprise, determination of multiples and future earnings, and assessment of whether a pervasive negative development should result in the recognition of impair-ment write-downs.

The fair value of the Fund's portfolio companies is impacted by the development in applied multiples as well as expected future earnings and development in each group enterprise. A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the portfolio companies, just as the fair value of the Fund's portfolio companies is impacted by the development in macroeconomic conditions.
Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to the best estimate of fair value. This means that the proportionate share of operating profit or loss for the Companies is not recognised in profit or loss of the Fund, but rather a fair value adjustment of the investment.

Methods applied in and assumptions underlying the determination of fair values of investments
The fair value of each investment has been estimated by applying methods that best reflect the risks and the stage of each investment, e.g., assumption related to inflation, peer groups, expected earnings, share prices and discount rates.

In general, the fair value is determined in accordance with IPEV Valuation Guidelines and generally accepted valuation techniques, such as multiple analysis/benchmarking, most recent transaction multiple and other relevant methods. The valuation approach incorporates all of the factors that market participants would take into account in pricing a transaction.

Axcel V K/S 2 owns each portfolio company via separate holding structures for each investment.
Axcel V K/S 2 owns a share class, which has certain preference rights, but the fair value of the shares owned may also be reduced by carried interest if the conditions for carried interest are fulfilled. Carried interest is based on a classical European whole-fund carried interest model with a hurdle rate of 8%.

Peer group multiple
The peer-group multiple method uses comparable companies where market value and earnings are known. On this basis, a market level for primarily e.g. EV/EBITDA is calculated for the comparable companies.

The calculated EV /EBITDA is then capitalised on the basis of a normalised EBITDA for the individual portfolio companies which, by adjustment for net interest-bearing debt, yield the value of the investments.

In using the method, the Fund assesses which multiples can be used and assesses the determination of normal earnings in the portfolio companies, including assessing the sensitivity of the values when changing the model's variables.

Transaction multiple
At the transaction date, a transaction multiple is calculated based on the transaction value and the earnings at the transaction date (EBITDA). The multiple is only changed when there are significant changes in the surroundings of the companies, for example, industry conditions and micro- and macro-economic conditions, which are expected to be of a long-term nature. The portfolio company's expected earnings are adjusted periodically on the basis of underlying budgets, and an expected increase in future earnings may increase the valuation of the portfolio companies.

In certain cases, when applying a transaction multiple analysis, comparable business transactions are also assessed to identify which multiples would be relevant at a hypothetical sale of the Fund's portfolio companies at the end of the accounting period.

Description of the valuation process
The valuation process is carried out in connection with the preparation of internal reporting to investors and in connection with the preparation of the Fund's annual report. The valuation assesses the portfolio in-vestments at the end of the accounting period and must reflect the fair value of each portfolio company, based on reasonable valuation methods and assumptions.

Individual investments are assessed separately at the end of the accounting period and are in most cases assessed on the basis of the market situation as follows: (i) determination of the Enterprise Value (EV) estimated on the basis of a hypothetical sale of the investment at the time of the balancesheet date, based on one or more of the valuation methods mentioned above, and (ii) calculation of the value of the equity investment by adjusting EV for net debt and NWC adjustments as well as any equity related waterfall structures.

Material unobservable inputs
Fair value of the assets is determined based on both forward-looking information, current market and geopolitical conditions, actuals e.g., contributions and distributions etc. as well as status on the specific assets. Valuations are conducted by an independent inhouse valuation expert team and approved quarterly in the Valuation Committee and subsequently by the Board of Directors as part of the quarterly report. A number of material unobservable input is applied in the valuation and is ongoingly assessed on a on a Fund specific level. An elaboration of the assessed material unobservable inputs is outlined below.

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable inputs.

Material unobservable assumptions used in the valuation of unlisted investments in portfolio companies consist of multiples and future earnings expectations for the portfolio companies. The multiples are derived from looking at the valuation of comparable business for each investment. As the multiples are multiplied on the expected earning level of a given investment, the multiple used has a significant effect on the valuation. Management believes that the multiples applied are on a par with the market for comparable Danish businesses. In addition, allowance is made for net interest-bearing debt of the portfolio companies when making the valuation.

Range for implied multiples: 9.2 to 12.6 (2022: 6.5 to 14.5).

5 Contingent liabilities

The fund has an obligation to pay a management fee of 1.5% of the total invested capital in the Fund during the realisation period which is initially set to expire on the 28 March 2028. The liability to pay management fee is considered to be contingent as the fund under certain conditions may discontinue the management agreement with the Fund Manager.

As of 31 December 2023, the investment group Axcel V has issued a guarantee of EUR 2.4 million to support the senior loan in a portfolio company.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

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

Income from other fixed asset investments

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

Other financial income

Other financial income comprises value adjustments on other investments.

Other financial expenses

Other financial expenses comprise bank fees and transactions in foreign currencies.

Balance sheet

Other investments

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 amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash
Cash comprises bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Periodic disclosure for Article 8 financial products

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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 01.01.2023-31.12.2023.

Product name: Axcel V

Legal entity identifier: 89450012BSVE5Z4ZU905

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made sustainable investments with an environmental objective: ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ 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 ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made sustainable investments with a social objective: ___%	☒ 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?

<u>Diversity, equity & inclusion</u>

Axcel V worked to improve gender diversity in portfolio company leadership teams by tracking gender diversity KPIs and considering diversity in hiring and promotion processes.

Climate change

Axcel V worked to reduce GHG emissions in its portfolio companies by asking portfolio companies to measure GHG emissions and to set science-based targets. Axcel Management furthermore worked to reduce its own GHG emissions by sourcing renewable electricity.

Principal adverse impact indicators

Axcel V worked to reduce adverse impacts of portfolio companies by asking portfolio companies to measure and report on principal adverse impact indicators. 2023 was the first year a principal adverse indicator report was published.

ESG requirements

Axcel V implemented Axcel Management's five-step sustainability programme in portfolio companies.

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.

As per 30 September 2023

- 33% of Axcel V companies have achieved a 60/40 gender split in the leadership team, and there is therefore no underrepresented gender
- 33% of Axcel V companies have met the target of 40% of additions to leadership teams being of the underrepresented gender
- 33% of Axcel V companies have not met the target of 40% of additions to leadership teams being of the underrepresented gender
- 0% of Axcel V companies did not make additions to the leadership team
- 0% of Axcel V companies did not report on additions to the leadership team

Leadership teams are defined as the CEO, direct reports to the CEO (L1), and direct reports to L1 (L2). Only employees who have others reporting to them are included. Additions are defined as persons promoted or hired into the leadership team.

Climate change

Axcel Management has set an approved science-based target. Axcel Management targets that by 2025, 60% of its portfolio companies across Axcel funds will have set approved science-based targets and that by 2030, 100% of portfolio companies will have done so. Portfolio coverage is measured as the share of invested capital in companies owned for more than two years.

As per 30 September 2023, four companies in the Axcel portfolio had approved science-based targets representing 43% of invested capital in companies owned for more than two years. Three of the companies, GUBI, Loopia, and Capture One are owned by Axcel V representing 69% of invested capital in Axcel V companies owned for more than two years.

Axcel Management is furthermore committed to sourcing at least 85% renewable electricity. During 2023, Axcel Management sourced 100% renewable electricity.

Principal adverse impact indicators

During 2023 Axcel V companies reported on principal adverse impact indicators. A PAI report was published on Axcel's website on 30 June 2023 which contains results from 2022. A second PAI report will be published by 30 June 2024 with full-year 2023 results.

ESG requirements

As per 30 September 2023, 100% of Axcel V companies had implemented Axcel required ESG policies, commitments, and processes.

…and compared to previous periods?

Diversity, equity & inclusion

Measure	**Results**	
	2022	2023
Share of Axcel V companies that have achieved a 60/40 gender split in the leadership team, and where there is therefore no underrepresented gender.	33%	33%
Share of Axcel V companies that have met the target of 40% of additions to leadership teams being of the underrepresented gender.	50%	33%
Share of Axcel V companies that have not met the target of 40% of additions to leadership teams being of the underrepresented gender.	17%	33%
Share of Axcel V companies did not make additions to the leadership team.	0%	0%
Share of Axcel V companies did not report on additions to the leadership team	0%	0%

Climate change

Measure	**Results**	
	2022	2023
Number of companies in the Axcel portfolio with approved science-based targets.	2	4
Share of invested capital in companies owned for more than two years with approved science-based targets.	29%	43%
Number of Axcel V companies in the Axcel portfolio with approved science-based targets.	1	3

Share of Axcel V invested capital in companies owned for more than two years with approved science-based targets.	23%	69%
Share of renewable electricity purchased by Axcel Management	100%	100%

Principal adverse impact indicators

Measure	Results	
	2022	2023
principal adverse impact indicators data collected and reported	Yes	Data is being collected. Report will be published in June 2024.

ESG requirements

Measure	Results	
	2022	2023
Share of Axcel V companies that have implemented Axcel required ESG policies, commitments, and processes	100%	100%

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 collected 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?

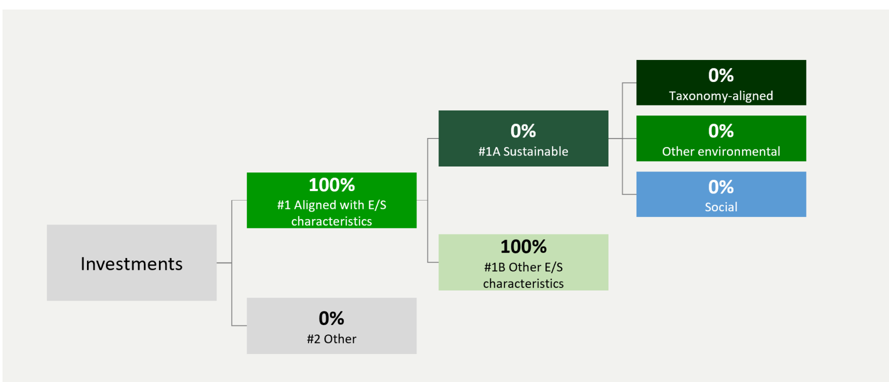
Largest investments	Sector	% Assets[1]	Country
Nissens	Business services & industrials	20-30%	Denmark
Mountain Top	Business services & industrials	20-30%	Denmark
Loopia	Technology	20-30%	Denmark
GUBI	Consumer	20-30%	Denmark
Total		**100%**	

1) Share of invested capital

What was the proportion of sustainability-related investments?

The fund did not make 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?

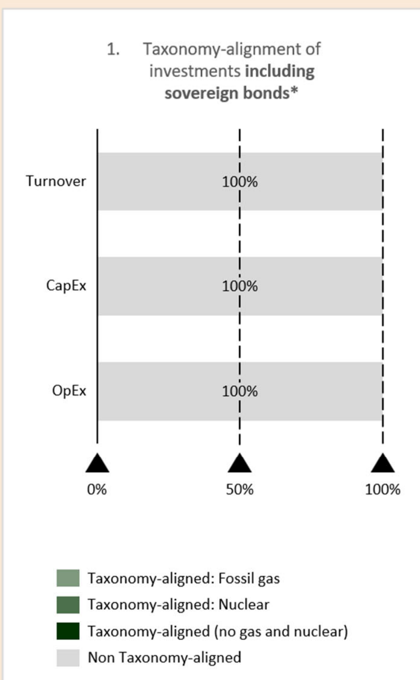
This product has environmental and social characteristics. It does not make sustainable investments in the manner described in Regulation (EU) 2019/2088. None of the investments (0%) are aligned with the EU Taxonomy.

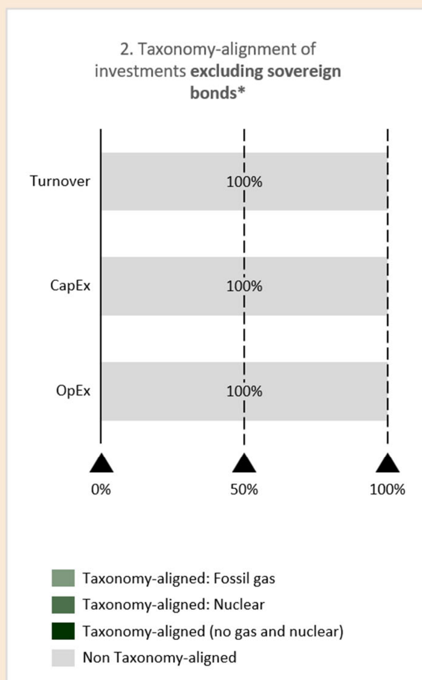
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

☐ Yes
  ☐ In fossil gas
  ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

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?

Measure	Results	
	2022	2023
Share of Taxonomy aligned investments	0%	0%

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.

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?

- Worked together with portfolio companies to improve performance on diversity, equity & inclusion, climate change, and ESG management
- Collected and reported EU Principal Adverse Impact data as well as Data Convergence initiative 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.