



Ax VII Management Invest K/S

C/O Kromann Reumert Sundkrogsgade 5
2100 København Ø
CVR No. 43657496

Annual report 2024

The Annual General Meeting adopted the
annual report on 06.02.2025

Jesper Frydensberg Rasmussen
Chairman of the General Meeting

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Entity details

Entity

Ax VII Management Invest K/S
C/O Kromann Reumert Sundkrogsgade 5
2100 København Ø

Business Registration No.: 43657496
Date of foundation: 20.11.2022
Registered office: København
Financial year: 01.01.2024 - 31.12.2024

Fund Manager:

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

Board of Directors in Axcel VII GP ApS

Christian Gyms 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

The Board of Directors has today considered and approved the annual report of Ax VII Management Invest K/S for the financial year 01.01.2024 - 31.12.2024.

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 Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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

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

Copenhagen, 05.02.2025

Board of Directors in Axcel VII GP ApS

Christian Gymos Schmidt-Jacobsen
Chairman

Mads Dreyer Laursen
Member

Jacob Høeg Madsen
Member

Independent auditor's report

To the shareholders of Ax VII Management Invest K/S

Opinion

We have audited the financial statements of Ax VII Management Invest K/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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 by relevant law and regulations.

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, 05.02.2025

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

	2024	2022/23
	DKK'000	DKK'000
Key figures		
Operating profit/loss	(81)	(39)
Profit/loss for the year	14,447	(44)
Total assets	17,840	1,847
Equity	14,403	(44)
Ratios		
Return on equity (%)	60.71	(200.00)

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

Ax VII Management Invest K/S is a private fund which invests in mid-size Nordic based companies with the purpose of developing these commercially. Ax VII Management Invest K/S 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 requirements of the AIFMD Act¹ the Annual report shall contain information on material changes as listed in sections 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 Depository Services (Denmark) A/S as depository 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 toward the limited partners. The Fund Manager has established risk management systems for measuring the Fund's liquidity. The liquidity is managed in such way that the value of the Fund's assets and the undrawn commitment from the Funds investors at all times shall be adequate to honor the Fund's 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

Ax VII Management Invest K/S was established on 20 november 2022 and is still in the investment period. Ax VII Management Invest K/S will co-invest with other partnerships.

In 2024 Axcel VII K/S closed the investment in Accru Partners and Utilitas and signed the acquisition of Nordic Tyre Group.

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.

Outlook

Forthcoming results of Ax VII Management Invest K/S depend on the portfolio companies' performance and the stock market development in general for which it is not possible to provide forward-looking statements for the investment result.

Other external expenses are expected to be in the range 10-20 tEUR in 2025.

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.

Income statement for 2024

	Notes	2024 DKK'000	2022/23 DKK '000
Other operating expenses		(81)	(39)
Operating profit/loss		(81)	(39)
Income from financial assets		14,609	0
Other financial expenses	1	(81)	(5)
Profit/loss for the year		14,447	(44)
Proposed distribution of profit and loss:			
Retained earnings		14,447	(44)
Proposed distribution of profit and loss		14,447	(44)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2022/23 DKK'000
Other investments		17,825	1,517
Financial assets	2	17,825	1,517
Fixed assets		17,825	1,517
Other receivables		0	330
Receivables		0	330
Cash		15	0
Current assets		15	330
Assets		17,840	1,847

Equity and liabilities

	Notes	2024 DKK'000	2022/23 DKK'000
Contributed capital		2,577	0
Unpaid contributed capital		(2,577)	0
Retained earnings		14,403	(44)
Equity		14,403	(44)
Bank loans		2,670	0
Other payables		767	1,891
Current liabilities other than provisions		3,437	1,891
Liabilities other than provisions		3,437	1,891
Equity and liabilities		17,840	1,847

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Statement of changes in equity for 2024

	Contributed capital DKK'000	Unpaid contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	0	0	(44)	(44)
Increase of capital	2,577	(2,577)	0	0
Profit/loss for the year	0	0	14,447	14,447
Equity end of year	2,577	(2,577)	14,403	14,403

At 31.12.2024 carried interest has increased the fair value of investments, and total net assets, with a total of 13.4 mEUR. In 2024 carried interest has increased income from portfolio companies with 13.4 mEUR.

There has been no capital contributions for investments, as the investments have been financed through loans.

Notes

1 Other financial expenses

	2024 DKK'000	2022/23 DKK'000
Exchange rate adjustments	81	5
	81	5

2 Financial assets

	Other investments DKK'000
Cost beginning of year	1,517
Additions	1,699
Cost end of year	3,216
Fair value adjustments	14,609
Revaluations end of year	14,609
Carrying amount end of year	17,825

3 Employees

The Entity has no employees.

4 Fair value information

	Portfolio companies DKK'000
Fair value end of year	17,825
Unrealised fair value adjustments recognised in the income statement	14,609

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 hierarchy 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 impairment 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.

Ax VII Management Invest K/S owns each portfolio company via separate holding structures for each investment. Ax VII Management Invest K/S 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 sur-

roundings 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 investments 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 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: 7 to 16.

5 Contingent liabilities

As of 31 December 2024, Ax VII Management Invest K/S has no contingent liabilities.

6 Assets charged and collateral

No securities or mortgages exist at the balance sheet date.

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.

Non-comparability

The financial year 2022/2023 comprises the period 20.11.2022 - 31.12.2023. As a result, the financial years 2024 and 2022/2023 are not directly comparable.

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 operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from other investments

Income from other investments comprises gains in the form of interest on fixed asset investments which are not investments in group enterprises or associates.

Other financial expenses

Other financial expenses comprise interest expenses.

Balance sheet

Other investments

Other investments comprise equity investments 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 bench-marks.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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

Supplementary reports

Please refer to the supplementary report provided for the Sustainable Finance Disclosure Regulation on page 20.

ANNEX IV

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

Product name: Ax VII Management Invest K/S

Legal entity identifier: CVR: 43657496

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<p><input type="checkbox"/> It made sustainable investments with an environmental objective: ___%</p> <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 <p><input type="checkbox"/> It made sustainable investments with a social objective: ___%</p>	<p><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</p> <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 <p><input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>

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

Ax VII Management Invest K/S (“Axcel VII” or “the Fund”) managed by Axcel Management A/S (“Axcel” or “the Manager”) promotes the following environmental and social characteristics for all its portfolio companies:

1. **Improve Environmental, Social & Governance (“ESG”) Management:**
 - a. Axcel requires 100% of portfolio companies to embed various ESG-related policies and commitments within one year of ownership, including: a) Sustainability policy, b) Code of conduct, c) Supplier code of conduct, d) Data privacy policy, e) Whistleblower scheme f) Commitment to the UN Global Compact, g) ESG priorities linked to the UN Sustainable Development Goals
 - b. Axcel encourages portfolio companies to implement sustainability-linked loans
 - c. **All portfolio companies must measure and report on Axcel’s identified principal adverse impact indicators (“PAI indicators”) and should seek to reduce adverse impacts where possible**
2. **Mitigate Climate Change:**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- a. All Axcel VII portfolio companies must measure and report on their Scope 1-3 emissions within 18 months of ownership, and reduce emissions where possible
- b. Portfolio companies are encouraged to set Science-Based Targets, with a target of 60% of **Axcel's portfolio**¹ having set an approved target by 2025, and 100% by 2030
- 3. **Increase Diversity, Equity & Inclusion:**
 - a. Portfolio companies across all funds should ensure at least 40% of new hires to leadership² of the underrepresented gender during the holding period
 - b. **Axcel's portfolio across all funds with boards established after 2021 should ensure at least 40% of independent Board members**³ of the underrepresented gender⁴
- 4. **Support People & Culture:**
 - a. Portfolio companies should ensure processes to track and report employee satisfaction, sickness absence and work-related injuries

● **How did the sustainability indicators perform?**

The Fund comprised five portfolio companies in the reference period, of which only two have been owned for more than one year and were therefore able to report on performance on sustainability indicators.

The table below shows Fund VII's performance on various sustainability indicators and Axcel's ESG-related targets across its portfolio. Performance on indicators and targets are shown in column C for Fund VII including new investments owned less than one year (not yet reporting and initiated ESG targets), for Fund VII companies owned for more than one year (reporting on indicators and targets) in column D, and results of portfolio-wide ESG targets across all Axcel's Funds (Axcel V, Axcel VI, and Axcel VII) in column E.

The attainment of the environmental and social characteristics promoted by the Fund is measured in the following sustainability indicators (results as of 30/09/2024):

A	B	C	D	E
E/S characteristic	Indicators & Targets	Fund VII performance (5 companies)	Fund VII performance (2 companies owned > 1 year)	Portfolio performance & results of targets (20 companies across all Funds)
ESG Management	Share of companies that have implemented required ESG-related policies and commitments	40%	100%	85%
	Share of companies in scope that have implemented required ESG-related policies and commitments (Target: 100% within one year of ownership)		100%	83%
	Share of companies that have a sustainability-linked loan	0%	0%	25%
Climate Change	Share of companies measuring and reporting on Scope 1-3 emissions	20%	50%	75%

¹Portfolio coverage is measured as the share of invested capital in companies owned for more than two years.
²Leadership 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.
³Independent board members excludes founders, investors, part of the executive team or day-to-day operations.
⁴Underrepresented gender across entire Board, not limited to independent board members.

	Share of companies measuring and reporting on Scope 1-3 emissions (Target: 100% of companies owned for more than 18 months)	n.a. ⁵	n.a.	93%
	Share of portfolio owned for more than two years with approved science-based targets (Target: 60% by 2025, 100% by 2030)	n.a. ⁶	n.a.	46%
Diversity, Equity & Inclusion	Share of companies that have met the target of 40% of additions to leadership being of the underrepresented gender	20%	50%	30%
	Share of additions to leadership have been women across Axcel companies (Target: 40% during holding period)			39%
	Share of independent board members of the underrepresented gender (Target: 40% for boards established after June 2021)	36%		35%
	Share of companies with both genders represented on the Board	60%		50%
People & Culture	Share of reporting companies conducting employee satisfaction survey	40%	100%	80%

● **...and compared to previous periods?**

E/S characteristic	Indicator	Fund VII performance as of 30/09/2024 (5 companies)	2023 ⁷ (2 companies)
ESG Management	Share of Axcel VII companies that have implemented required ESG-related policies and commitments	40%	50%
	Share of Axcel VII companies that have a sustainability-linked loan	0%	n.a.
Climate Change	Share of Axcel VII companies measuring and reporting on Scope 1-3 emissions	20%	n.a.
	Share of Axcel VII companies that have set approved science-based targets	0%	0%
Diversity, Equity & Inclusion	Share of Axcel VII companies with at least 40% of additions to leadership of the underrepresented gender	20%	0%
	Share of independent board members of the underrepresented gender in Axcel VII	36%	0%
	Share of companies with both genders represented on the Board	60%	n.a.

⁵ No companies in Fund VII have been owned for more than 18 months

⁶ No companies in Fund VII have been owned for more than two years

⁷ Results from previous periodic reports and therefore representative of the number of companies and length of ownership as per 30 September 2023

People & Culture	Share of Axcel VII companies conducting employee satisfaction survey	40%	n.a.
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● *What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?*

N/A

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

N/A

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

N/A

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

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.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Fund considers PAI indicators by collecting data on the indicators as defined and measured in **Annex 1 of the Regulatory Technical Standards (“RTS”) for the Sustainable Finance Disclosure Regulation (“SFDR”)**. When screening for future investment options, Axcel incorporates relevant ESG factors in the general evaluation criteria including PAI indicators. Following an acquisition, portfolio companies are introduced to Axcel’s five-step sustainability programme and are required to assess their impact on ESG topics and develop action plans. Action plans focus on those impacts that are deemed most relevant taking into account the probability of occurrence and the severity of impacts including their potentially irremediable character. Portfolio companies report on the PAI indicators in Axcel’s data management system quarterly.

The Fund considers the 14 mandatory PAI indicators and has additionally selected the indicator **‘Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement’** from Table 2, and **‘Share of investments in entities without policies on the protection of whistleblowers’** of Table 3 of Annex 1 of the RTS.

Axcel reserves the publication of the PAI indicators under Article 11(2) of Regulation (EU) 2019/2088 and consideration hereof for its PAI entity statement published on Axcel's website in the Sustainability section by June 30th 2025.



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: 01/01/2024 – 31/12/2024

Largest investments	Sector	% Assets	Country
XPartners	Business Services & Industrials	10-30%	Sweden
Progrits	Technology	10-30%	Sweden
Elcor	Business Services & Industrials	10-30%	Denmark
Accru Partners	Business Services & Industrials	10-30%	Sweden
Utilitas	Business Services & Industrials	10-30%	Sweden
<i>Total</i>		<i>100%</i>	



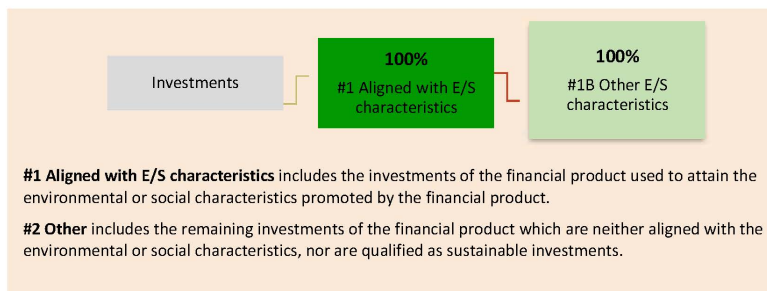
What was the proportion of sustainability-related investments?

0% - the Fund does not have sustainable investments as its objective.

● **What was the asset allocation?**

100% of investments were aligned with the environmental and social characteristics promoted by the Fund, but 0% qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.



#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.

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

● **In which economic sectors were the investments made?**

Investment	NACE code
XPartners	M71.1.2 - Engineering activities and related technical consultancy
Progrits	J58.2.9 - Other software publishing
Elcor	27.12 - Manufacture of electricity distribution and control apparatus
Accru Partners	69.2 - Accounting, bookkeeping and auditing activities; tax consultancy
Utilitas	81.1 - Combined facilities support activities

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



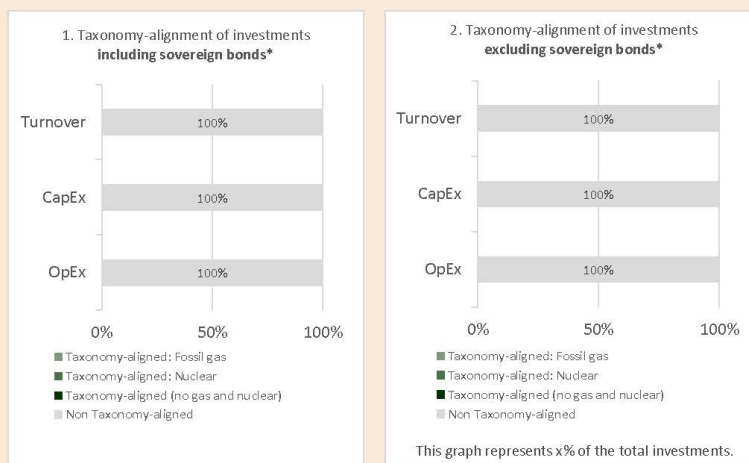
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A

Did the financial product invest in fossil gas and/or nuclear energy-related activities complying with the EU Taxonomy⁸?

- 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?

During the reference period, the proportion of investments in enabling activities was 0% and investments in transitional activities was 0%.

⁸ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

	2024	2023
Share of Taxonomy-aligned investments	0%	0%

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



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



What was the share of socially sustainable investments?
N/A



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?
N/A



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

During the reference period, various procedures and processes have been upheld, strengthened or added by the Manager to work towards meeting the environmental and social characteristics of the Fund.

Several new investments were made in the reference period, in which the Manager focused on ensuring the environmental and social characteristics of the Fund were assessed in due diligence and included in strategies for active ownership. Across the Fund, actions taken have focused on **strengthening the portfolio companies’ ability to report sustainability-related data in a systematic, timely manner and continuously work to improve the portfolio companies’ maturity in terms of ESG matters.**

Some of the actions taken by the Manager include:

- Exercising shareholder engagement by **prioritizing the Fund’s environmental and social characteristics** as priorities on Board meetings
- Ongoing dialogue and sparring regarding sustainability matters between the portfolio companies and **the Manager, especially Axcel’s Head of Sustainability**
- Quarterly and annual ESG reporting, including quarterly PAI reporting (except GHG emissions which are reported annually), and quarterly reporting on additional ESG indicators aligned with the targets set by the Fund
- Ensuring all portfolio companies subject to reporting under the Corporate Sustainability **Reporting Directive (“CSRD”)** within the upcoming two years have commenced or have planned to start workstreams to prepare for the reporting requirements
- In addition, Axcel has also internally worked to strengthen its ability to increase its shareholder engagement with the portfolio companies to meet **the Fund’s E/S**

characteristics **e.g., by increasing the investment team's involvement in ESG matters and strengthening internal ESG competencies with additional hires**



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

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

- *How did the reference benchmark differ from a broad market index?*

N/A

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*

N/A

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

N/A

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

N/A