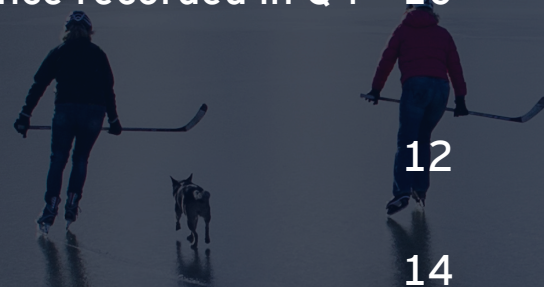


Transaction Trends

Danish M&A Update - Q4 2022

Content

.....	Executive summary	03
.....	Deal activity stabilised in Q4 and remains above pre-covid levels	04
.....	Top 5 deal values rise led by record-breaking transaction	06
.....	Number of deals in 2022 exceeds the average between 2017-2021 by 262 deals	08
.....	A pickup in key stock market indices performance recorded in Q4 2022 from more stable market conditions	10
.....	EY supported deal of the quarter	12
.....	Contact list - EY Strategy and Transactions	14



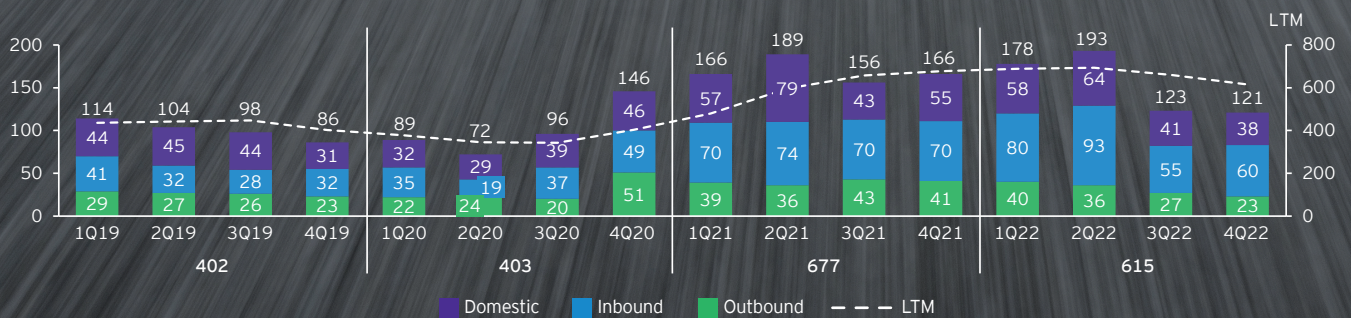
Executive summary

- ▶ Deal activity in 2022 showed a normalisation from the record highs in 2021, but still exceeds the pre-covid deal activity level.
- ▶ All sectors had increased deal activity in 2022 compared to averages from 2017 to 2021 despite tougher market conditions.
- ▶ Inbound transactions increased slightly and now accounts for 49.6% of total transaction volume, indicating an increasing interest in the Danish M&A market primarily driven by the Nordics and Europe.
- ▶ Key stock market indices are down by double digits percentagewise. However, stock markets generally performed well in Q4 2022, arising from more stable market conditions and are expected to have single digit percentage growth over the coming year.

Deal activity stabilised in Q4 and remains above pre-covid levels



Number of transactions by transaction type
Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively. Historic deal activity may vary from previous reports, as deals on Mergermarket are continuously updated for historic quarters.

Deal activity in Q4 2022 stabilised from an all-time high in Q2 2022 and remains above pre-covid levels. The activity level was supported by strong deal appetite from European investors.

In the fourth quarter of 2022 a total of 121 transactions involving Danish companies were announced, equal to a decrease of 1.6% from Q3 2022 and 27.1% from Q4 2021. This indicates a normalisation after the record highs throughout 2021 and H1 2022. Despite the slowdown in deal volume in H2 2022, the activity level is above pre-covid levels as the quarterly average in 2019 was 101 deals, while the quarterly average of H2 2022 was 122. Furthermore, Technology, Media and Telecom is still the most active sector with 32 deals in Q4 2022 and 169 throughout 2022.

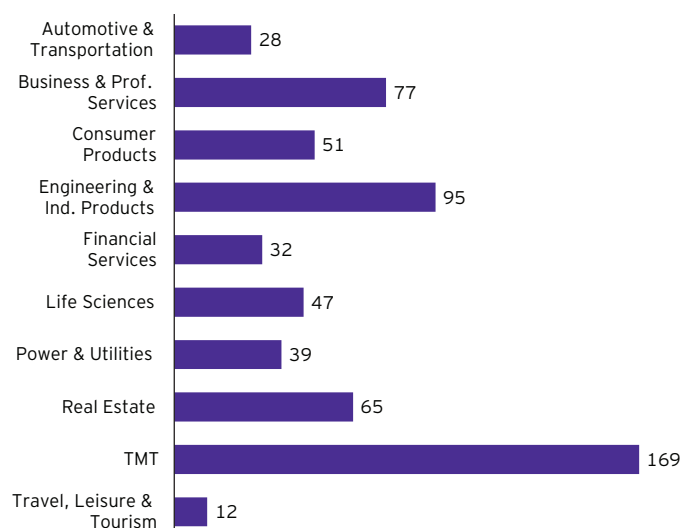
Compared to the third quarter of 2022, the number of domestic and outbound transactions continued to slow down and decreased by 7.3% and 14.8% respectively. On the contrary, inbound transactions increased by 9.1%. Inbound transactions remains to have the largest share of all transactions, as 50% of all transactions were inbound.

For Danish companies, the share of buyers from the Nordics and Europe in Q4 2022 compared to LTM increased by 3pp and 4pp respectively, while the share of buyers from the United States decreased by 5pp. This indicates an increasing interest in the Danish M&A market from buyers across Europe.

During Q4 2022, the European Central Bank and the Federal Reserve System continued to increase their interest rates to counteract the rising inflation. Inflation rates in the Eurozone slowed to 10.1% in November compared to the peak of 10.6% in October 2022. The Russia-Ukraine war is still ongoing and causing increased volatility related to certain commodities and geopolitical tensions. While the macroeconomic outlook continues to be uncertain for investors it appears that inflation levels and interest rates are coming under control supporting decision making for investors going forward.

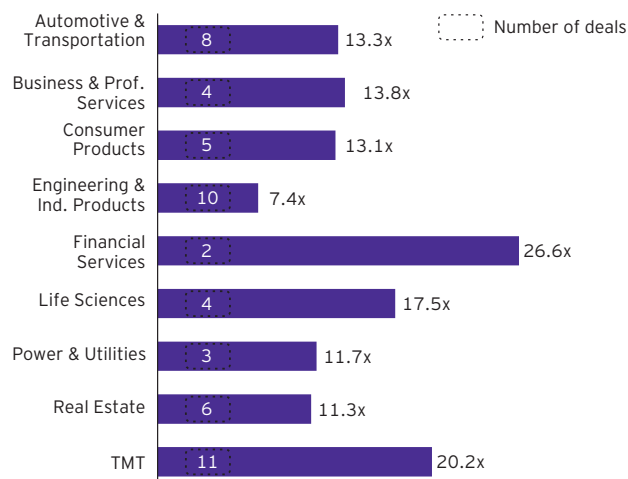
Last twelve months number of transactions by industry in Denmark

Source: Mergermarket



Last three years EV/EBITDA by industry in Denmark (median)

Source: Mergermarket



Note: EV/EBITDA by industry are only considering deals where target is based in Denmark. Travel, Leisure & Tourism left out due to low number of deals.

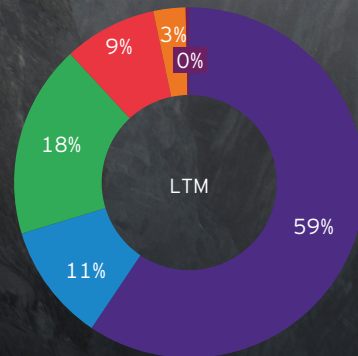
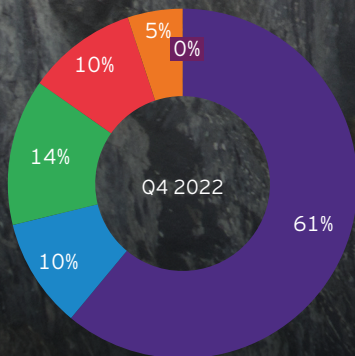
Transaction Trends, published by EY Strategy and Transactions, is a quarterly publication that aims to identify trends in the Danish transactions market. Data presented in this newsletter covers all transactions announced and registered in Mergermarket where Danish companies have participated as either target, buyer or vendor.

Top 5 deal values rise led by record-breaking transaction



Target region - Danish Buyers

Source: Mergermarket



Denmark Nordics (excl. Denmark) Europe (excl. Nordics) Americas Asia-Pacific Other

Top announced transactions last quarter (by deal value, USDm) (deals with reported value only)

Source: Mergermarket, CVR Virk, Capital IQ

Ann. Date	Target	Vendor	Buyer	Deal dom. Industry	Deal value*
12-Dec	Chr. Hansen	Chr. Hansen	Novozymes	Engineering & Industrial Products	USD 10,552m
28-Nov	NGF Nature Energy	Davidson Kempner Capital Management, Pioneer Point Partners & Sampension	Shell Petroleum	Power & Utilities	USD 2,000m
14-Oct	GlobalConnect	EQT Infrastructure	Mubadala Investment Company	Tech, Media & Telecom	USD 1,462m
12-Dec	Saint-Gobain Buildings Distribution	Compagnie de Saint-Gobain	Stark Group	Real Estate, Hospitality & Construction	USD 907m
11-Oct	Brainpop	Undisclosed	Kirkbi	Tech, Media & Telecom	USD 875m

*Mergermarket definition

On 12 December 2022, it was announced that Novozymes A/S, a global Danish biotechnology company specialised in enzymes, would acquire and merge with Chr. Hansen, a Denmark-based company that develops natural ingredient solutions. The proposed combination will create a strong biosolutions group with a broad biological toolbox and diversified portfolio across markets. The combined group is expected to have an annual revenue of EUR 3.5bn and is to reach revenue synergies of EUR 200m annually. The acquisition is the largest in history with a Danish buyer.

On 28 November 2022, Shell Petroleum NV acquired 100% of NGF Nature Energy A/S, a Danish biomethane and renewable energy producer, from a consortium of institutional investors including Davidson Kempner Capital Management LP, Pioneer Point Partners and Sampension. This acquisition increases Shell's ability to accelerate its transition to net-zero emissions.

On 14 October 2022, EQT Infrastructure reached an agreement with Mubadala Investment Company,

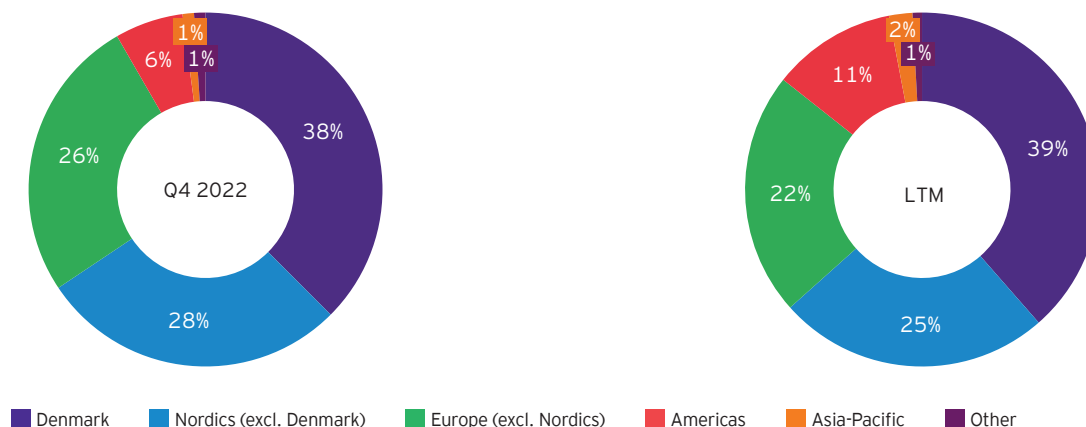
the Abu Dhabi wealth fund, to sell a minority stake in GlobalConnect. GlobalConnect was founded in 2019, and is a combination of four independent fibre platforms in Denmark, Norway and Sweden with more than 150,000 km of fibre infrastructure.

On 12 December 2022, Saint-Gobain, a French construction giant, announced that they signed an agreement to sell all of its merchandising brands in the United Kingdom to Stark Group A/S. The divestment is based on an enterprise value of USD 907m and is expected to contribute with USD 2.9bn in revenue.

On 11 October 2022, Kirkbi A/S announced that they would acquire 100% of BrainPOP, a US-based educational technology business, for USD 875m. BrainPOP are currently present in more than two out of three school districts in the US and has an estimated reach of 25m students annually. The strategic acquisition complements the existing LEGO branded entities, which are a part of Kirkbi.

Buyer region - Danish Targets

Source: Mergermarket

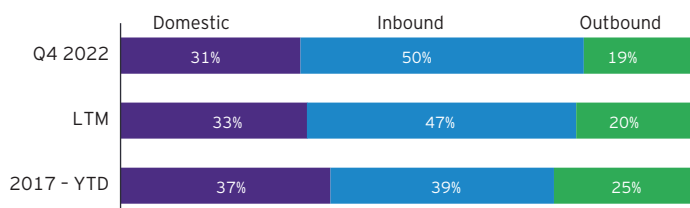


| Number of deals in 2022 exceeds the average between 2017-2021 by 262 deals



Transaction type by number of transactions

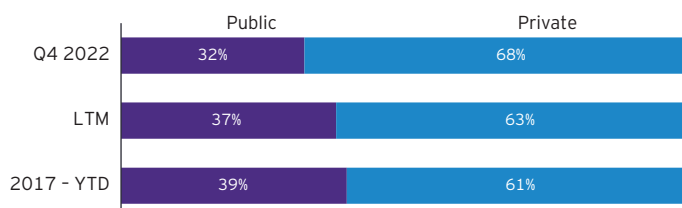
Source: Mergermarket



Note: Domestic deals refer to deals where both, target and buyer are based in Denmark. Inbound and outbound deals, on the other hand, refer to deals where a Danish target was acquired or Danish buyers acquired a foreign target respectively.

Transaction arena by number of transactions

Source: Mergermarket



Note: Public deals refer to deals where either target, bidder or seller are public, i.e. a listed company.



Activity by target industry

Source: Mergermarket

Target industry	Number of transactions				
	Last quarter	2022	2021	Avg. 2017 - 2021	LTM trend
Automotive & Transportation	3	28	27	19	↗
Business & Professional Services	13	77	64	33	↗
Consumer Products	14	51	67	33	↗
Engineering & Industrial Products	20	95	105	62	↗
Financial Services	3	32	34	19	↗
Government, Public sector & Organisations	0	0	2	0	→
Life Sciences	5	47	54	28	↗
Power & Utilities	8	39	62	29	↗
Real Estate, Hospitality & Construction	18	65	44	25	↗
TMT	32	169	202	95	↗
Travel, Leisure & Tourism	5	12	16	10	↗
Total	121	615	677	353	↗

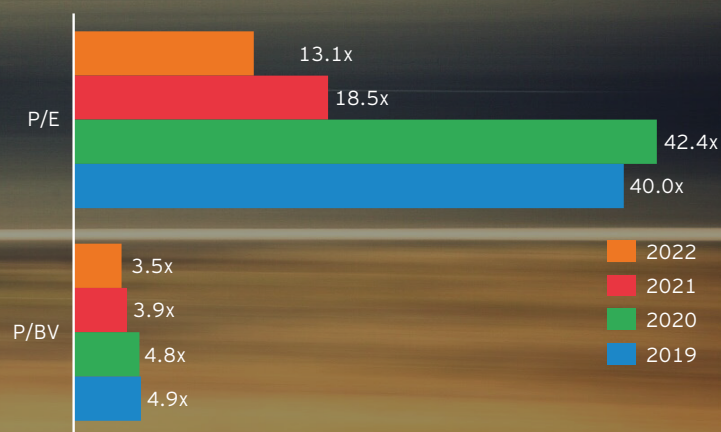
Note: Trend indicators refer to the comparison between the LTM vs. the avg. 2017 - 2021 number of transactions.

A pickup in key stock market indices performance recorded in Q4 2022 from more stable market conditions



Avg. multiples of listed Danish companies

Source: Capital IQ



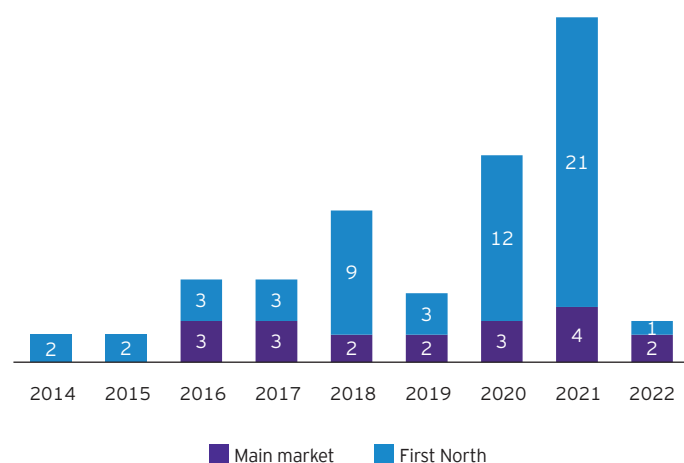
Throughout 2022, the main market saw two new listings, Penneo A/S and Noble Corporation. Noble merged with Maersk Drilling in 2021 and is currently listed both on Nasdaq Copenhagen and New York Stock Exchange. The only listing on the First North market was Swiss Properties Invest. In total, 2022 had 22 fewer listings compared to 2021, which is likely a result of uncertain capital markets, rising inflation, rising interest rates and the ongoing Russia-Ukraine war.

In the last quarter of 2022, the OMX C20, S&P 500 and Stoxx 600 all recovered from Q3's decreases as they increased by 18.3%, 4.4% and 9.0% respectively. Despite the positive fourth quarter, the OMX C20 decreased by 0.8% in 2022, meanwhile the S&P 500 and Stoxx 600 decreased by 20.0% and 11.1% in 2022.

The foreign exchange rates all decreased during the fourth quarter of 2022 resulting in an increased purchasing power. The DKK/SEK reached the lowest exchange rate in the last 12 years.

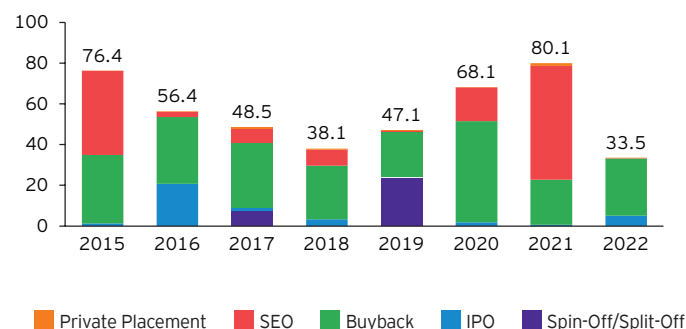
New Listings at Nasdaq Copenhagen

Source: Nasdaq Nordics



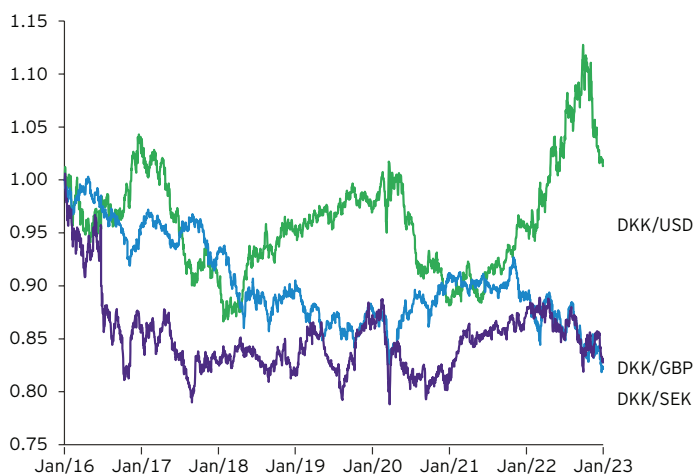
Issues by Value, Nasdaq Copenhagen

Source: Capital IQ, Mergermarket



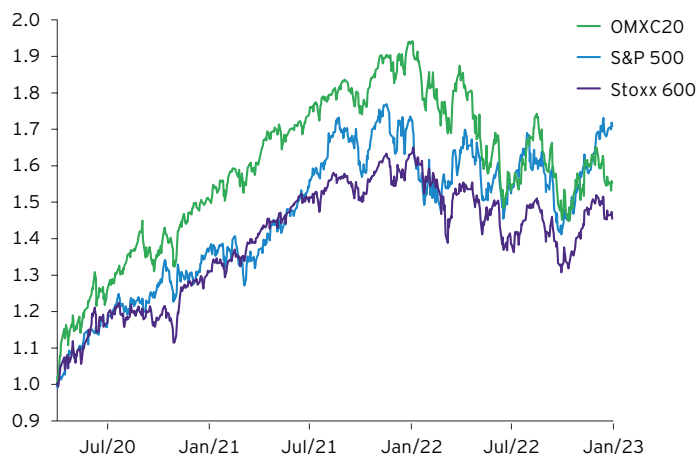
Foreign exchange rates (indexed)

Source: Capital IQ



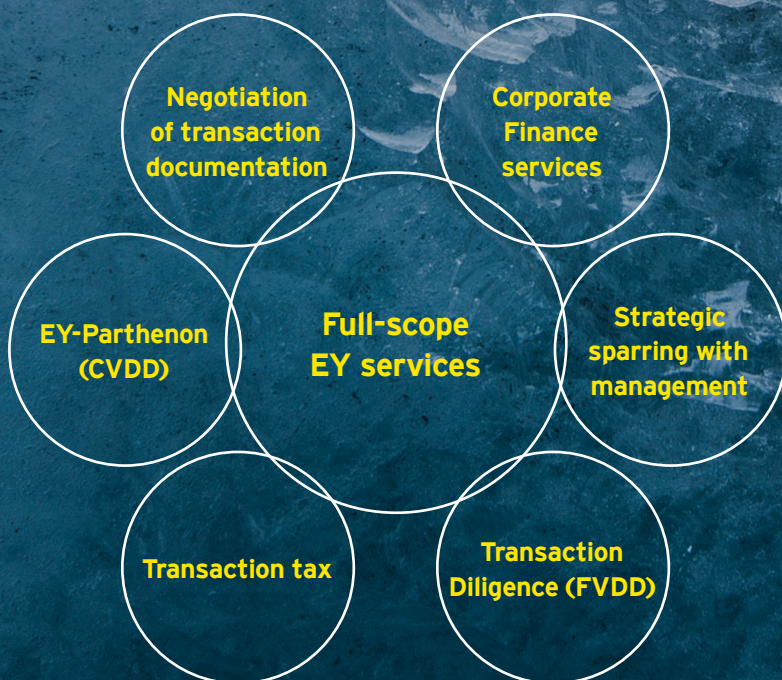
Total return index

Source: Capital IQ



EY supported deal of the quarter

Services provided by EY



Target

AJAT A/S
Denmark

AJAT
GROUP

Revenue
FY22A

219

DKKm

EBITDA
FY22A

73

DKKm

EBITDA margin
FY22A

33%

Revenue growth
FY22A

9.4%

Buyer

Röko AB
Sweden

RÖKO

Investment
criteria

2-10

EBITA EURm

Total
investments

22

USDbn

Total revenue in
portfolio companies

2,083

SEKm

Total EBITA in
portfolio companies

403

SEKm

Deal description

- ▶ AJAT, the leading student graduation product provider, in the Nordic region, has agreed to sell a majority share of the Company to Röko a Swedish private equity firm
- ▶ The deal was signed in December 2022
- ▶ AJAT, headquartered in Kolding, owns a range of iconic brands such as C.L. Seifert and ABC-Gruppen and is well known across the Nordics for its custom-made student caps which more than 150,000 students buy every year to celebrate completion of high school
- ▶ AJAT also has a Uniform segment that, amongst other, is provider to the regional royal courts and royal guards

AJAT Business at a glance



First brand was
founded in 1865



Presence in 3 Nordic
countries



Approximately ~110
employees



Developed own state-
of-the-art IT platform



+150,000 students
served every year



Guides students
throughout all high
school years

Benefits to the client



One-stop-shop EY offering
with both Corporate
Finance, Transaction
Diligence and Parthenon



Ability to act fast and
deliver value to AJAT by
guiding them from day
one until signing



Efficient and smooth
sell-side process with
great collaboration across
client and advisers

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Sell and Separate



Reshaping Results



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About this publication

Transaction Trends is a quarterly publication that aims to identify trends in the Danish transactions market. Transactions covered in this publication are public and private transactions announced by all Danish companies, defined as a transaction where either the buyer, target or vendor company is a Denmark based company. Public transactions are defined as transactions where either the buyer, target or vendor company is listed on a public stock exchange. All other transactions have been classified as private. Domestic transactions are defined as transactions conducted within a national boundary, i.e. deals involving two or more incumbent nationals, while cross border transactions involve companies from at least two different nationalities. Deal Value is taken as the sum of the consideration paid by the acquirer for the equity stake in the target plus the value of the net debt in the target, where applicable. Inclusion of net debt in the deal value will depend on the stake acquired or the target company type.

Transaction Statistics are based on Mergermarket and EY data. Public market data are sourced from S&P Capital IQ and Nasdaq.

Transaction Trends is published by EY Strategy and Transactions.

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