

## **Polaris Management A/S**

Malmøgade 3,1.  
2100 København Ø

Registration no. 28 50 17 65  
FT no. 23009

### **Annual report 2021**

Approved at the Company's annual general meeting on 31/3/2021

Chairman:



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## **Contents**

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
Company details	5
Operating review	6
<b>Financial statements for the period 1 January – 31 December</b>	<b>10</b>
Income statement and statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13
Ratios and key figures	21
<b>Other management assignments of the Board of Directors and Executive Board</b>	<b>22</b>
Board of Directors	22
Executive Board	24

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Polaris Management A/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Alternative Investment Fund Managers Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of its operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review includes a fair review of the developments in the Company's activities and financial matters and describes the most significant risks and uncertainty factors that may affect the Company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 January 2022  
Executive Board:



Jan Johan Kühl

Board of Directors:



Erik G. Hansen  
Chairman



Bertil Villard



Anne Holm Rannaleet



Peter Høittemand

## **Independent auditor's report**

### **To the shareholder of Polaris Management A/S**

#### **Opinion**

We have audited the financial statements of Polaris Management A/S for the financial year 1 January – 31 December 2021, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Alternative Investment Fund Managers Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Alternative Investment Fund Managers Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Alternative Investment Fund Managers 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## **Independent auditor's report**

- ▶ 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Alternative Investment Fund Managers Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Alternative Investment Fund Managers Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 January 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Jens Thordahl Nøhr  
State Authorised Public Accountant  
mne32212

Bjørn Würtz Rosendal  
State Authorised Public Accountant  
mne40039

## Management's review

### Company details

Name	Polaris Management A/S
Address, zip code, city	Malmøgade 3 DK-2100 København Ø
Registration no.	28 50 17 65
FT no.	23009
Established	8 February 2005
Registered office	Copenhagen
Financial year	1 January – 31 December
Website	<a href="http://www.polarisequity.dk">www.polarisequity.dk</a>
E-mail	<a href="mailto:polaris@polarisequity.dk">polaris@polarisequity.dk</a>
Telephone	+45 35 26 35 74
Executive Board	Jan Johan Kühl
Board of Directors	Erik G. Hansen, Chairman Bertil Villard Anne Holm Rannaleet Peter Høltermand
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 P.O. Box 250 2000 Frederiksberg Denmark

## Management's review

### Operating review

#### Principal activities of the Company

Polaris Management A/S is fund manager (advisor and administration company) for Polaris Private Equity and is licensed by the Danish Financial Supervisory Authority to operate as fund manager in accordance with the Danish Alternative Investment Fund Managers Act.

Furthermore, Polaris Management A/S is the parent company of Polaris Invest II ApS, which is one of the general partners of Polaris Private Equity II K/S in liquidation and Polaris Flexible Invest I ApS, which is the general partner of Polaris Flexible Capital I K/S.

Polaris Private Equity I was established in 1998 with a total capital commitment of DKK 1.1 billion (subsequently increased to a total of DKK 1.6 billion) and was fully realised with the last exit in 2008.

Funds under management include:

- ▶ Polaris Private Equity II, established 2006, capital commitment DKK 2.0 billion, last investments disposed in 2020. Polaris Private Equity II was liquidated 14 January 2022
- ▶ Polaris Private Equity III\*, established 2009, capital commitment DKK 2.4 billion, transitioned into its realisation period at the end of 2014
- ▶ Polaris Private Equity IV\*, established 2016, capital commitment of DKK 3.3 billion, investment period started during 2015, transitioned into its realisation period at the end of 2020
- ▶ Polaris Private Equity V\*, initial closing date 14 December 2020, reaching a preliminary capital commitment of DKK 4.5 billion (6<sup>th</sup> close as per 26 August 2021)
- ▶ Polaris Flexible Capital I\*, initial closing date expected in January 2022.

\* Funds subject to the Danish Alternative Investment Fund Managers Act.

Polaris Private Equity invests in well-established companies with a strong market position and sound earnings. Usually, the companies are based in the Nordic countries, primarily Denmark and Sweden, and have a potential for profitable growth. Through capital and active ownership, Polaris contributes to this profitable growth. Polaris aims to achieve controlling shareholdings, alone or together with other investors, including the Management and Board of the Company and the Company's former owners.

The investors of Polaris Private Equity include a number of Danish and international investors. Further information about Polaris is available at our website, [www.polarisequity.dk](http://www.polarisequity.dk).

Polaris Flexible Capital has a flexible and complementary investment focus investing in junior loans, mezzanine, preferred equity and minority equity. The companies will be based in the Nordic countries, primarily Denmark, Sweden and Norway.

#### Performance in the financial year

In 2021, as fund manager for Polaris Private Equity, Polaris Management A/S participated in successful execution of both divestments and new investments and contributed further to the continued development of the portfolio companies in Polaris Private Equity III, IV and V. Polaris Private Equity II was liquidated 14 January 2022.

During 2021, the fundraising process started for Polaris Flexible Capital I.

#### Development in financial matters

In 2021, Polaris Management A/S realised a profit of DKK 30,813 thousand (2020: profit of DKK 229 thousand), which is in line with Management's expectations. The results are positively affected by the establishment of Polaris Private Equity V and the received management fee.

At 31 December 2021, equity amounted to DKK 51,148 thousand (31 December 2020: DKK 35,335 thousand) of total assets of DKK 78,025 thousand (31 December 2020: DKK 70,243 thousand), and the Company's equity ratio was 66% (2020: 50%). Proposed dividend for the year amounts to DKK 25,000 thousand (2020: DKK 15,000 thousand).

## Management's review

### Operating review (continued)

#### Outlook

For 2022, the Company expects to realise an operating profit at the same level as realised for 2021 (DKK 30-40,000 thousand).

#### Particular risks

Polaris Management A/S' management fee income from investment funds under management is calculated as a percentage of committed capital in the individual investment funds during the investment period and as a percentage of unrealised investments and any retained capital commitments during the realisation period. Accordingly, the income of the Company is dependent on the number, size and classification of investment funds under management as well as the Company's ability to attract investors from whom it may raise new investment funds from time to time as the current investment funds are being invested and realised.

Financial risks, etc., are described in note 13 to the financial statements.

Management discusses and monitors the financial position of the Company and relevant risks as a whole on an ongoing basis, most recently at the Board of Directors' meeting held on 13 December 2021.

#### Management remuneration

Polaris Management A/S' remuneration policy aims at attracting, retaining, developing and rewarding employees who contribute to the profitable growth of the Company. The policy ensures that remuneration is credible, effective and fair, that the ratio of fixed and variable pay is adequate, proportional and balanced, and that the overall remuneration is aligned with sound and efficient risk management principles, including sustainability risks, and does not encourage excessive risk-taking.

Remuneration of Management during 2021 as well as details on the remuneration policy are disclosed in note 4 to the financial statements.

#### Sustainability

Polaris Private Equity has a responsibility towards our many stakeholders, and we are committed to promoting sustainability throughout Polaris to honour this responsibility. We work with sustainability for two reasons, (i) it is the right thing to do, and (ii) it is an integrated part of long-term value creation. Our commitment to sustainability is executed broadly throughout Polaris and impacts all our activities through our:

- ▶ Approach to sustainability: our rationale, definitions, standards and focus areas
- ▶ Deal selection: our investment criteria which defines what we are willing to invest in
- ▶ Investment process: how we evaluate investments and conduct sustainability due diligence
- ▶ Portfolio management process: how we work together with our portfolio companies
- ▶ Portfolio companies: what the portfolio companies are doing
- ▶ Own actions: what we do at Polaris Management A/S

Our objective is to continuously improve, both in Polaris Management A/S and in our portfolio companies. We also commit to promoting sustainability, together with our partners, throughout the investment industry we are active in. Within sustainability, Polaris Management has chosen to put specific emphasis on three key areas:

- ▶ Promoting actions to limit climate change
- ▶ Working with our responsibility as an employer
- ▶ Supporting gender equality



## **Management's review**

### **Operating review (continued)**

Actions are continuously planned and taken in order to improve on our sustainability performance in general and within the three focus areas in particular. Our work with sustainability is aligned with the UN/OECD guidelines for responsible business conduct, and we also strive to follow other internationally accepted standards and frameworks for sustainability. Further, we are a member of UN Global Compact and PRI – Principles of Responsible Investment.

#### *Developments during 2021*

During the year, we have continued to develop and implement our extended approach towards sustainability across Polaris. In June 2021, we published our first annual sustainability report which describes in detail how we work as well as the actions at Polaris Management and the portfolio companies in our funds. The sustainability report is publicly available on our website [www.polarisequity.dk](http://www.polarisequity.dk) and includes, among other things, general updates, action plans, Key Performance Indicators and information on impact on the UN's Sustainable Development Goals (SDG's). During 2021, we continued to roll out our sustainability concept in both current and new portfolio companies. During 2021, our new funds also completed a number of platform investments, and each of these were preceded by an extensive sustainability due diligence conducted by Polaris Management.

#### *Supporting climate action*

We are committed to working on combating climate change, and we therefore perform measurements of carbon emissions on Scope 1, 2 and 3 according to the Greenhouse Gas Protocol (GHG) at Polaris Management and in our portfolio companies and make plans for reducing these emissions. The measurements are necessary to be able to identify the most appropriate actions to reduce our emissions, and they are also publicly available in our sustainability report. We are looking towards the Science Based Target Initiative to set the ambitions for our emission reduction plans.

#### *Supporting gender equality*

Women are underrepresented in our boards and management teams and at Polaris Management. We address this by working with Diversity & Inclusion at Polaris Management A/S, and during 2021, we improved our parental leave policies and also recruited several female members to both our investment team and support team. Further, we continue to support gender equality in our industry, and during 2021, we have continued our co-operation with several initiatives that support this work, a female board network in Denmark (Bestyrelseskvinder), an organisation for women in finance in Denmark (Kvinder i Finans) and a European-wide initiative to promote gender diversity in private equity in Europe (Level 20). During 2021, we recruited one female chairman to one of our portfolio companies' board of directors from the female board network. We also organised a Private Equity Female Academy for female finance students together with Level 20 and interacted with several network groups in Kvinder i Finans. Moreover, we are financial sponsors of Kvinder i Finans and Level 20.

### **Intellectual capital**

Polaris Management A/S employed 38 people at 31 December 2021 (2020: 28 people).

The Company is dependent on its ability to continually attract and retain key investment professionals to service investment funds under management and to comply with existing agreements as well as to attract investors from whom it may raise capital for new investment funds from time to time.

As described above, it is the Company's policy to maintain a competitive remuneration policy and to develop and reward the employees who contribute to the profitable growth of Polaris Management A/S, while maintaining and promoting sound and effective risk management and avoiding excessive risk-taking.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date that may materially affect the assessment of the annual report.

## **Management's review**

### **Operating review (continued)**

#### **Other management assignments of the Board of Directors and Executive Board**

Other management assignments of the Board of Directors and Executive Board are listed at the back of the Annual report, pages 21-23.

## Financial statements for the period 1 January – 31 December

### Income statement and statement of comprehensive income

#### Income statement

Note	DKK'000	2021	2020
2	<b>Fee and commission income</b>	122,564	68,585
3	Other external administrative expenses	-24,015	-17,679
4	Staff costs	-58,105	-50,035
	Total staff costs and administrative expenses	-82,120	-67,714
	Depreciation of property, plant and equipment and amortisation of intangible assets	-574	-497
	<b>Profit before financial items</b>	39,870	374
6	Share of profit in subsidiaries net of tax	30	46
7	Financial income	226	261
8	Financial expenses	-594	-384
	<b>Profit before tax</b>	39,532	297
9	Tax on profit for the year	-8,719	-68
	<b>Profit for the year</b>	30,813	229
	<b>Proposed profit appropriation</b>		
	Proposed dividends	25,000	15,000
	Extraordinary dividend declared during the year	0	0
	Reserve for net revaluation according to the equity method	30	46
	Retained earnings	5,783	-14,817
		30,813	229

#### Statement of comprehensive income

Profit for the year	30,813	229
Other comprehensive income	0	0
<b>Total comprehensive income for the year</b>	30,813	229

## Financial statements for the period 1 January – 31 December

### Balance sheet

Note	DKK'000	31/12 2021	31/12 2020
	<b>ASSETS</b>		
5	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	863	884
		<u>863</u>	<u>884</u>
	<b>Receivables</b>		
10	Receivables from investment funds under management and related entities	2,762	18,920
9	Deferred tax asset	181	2,222
	Current tax receivables	3,377	0
	Other receivables	2,039	5,451
	Prepayments	4,671	4,094
		<u>13,030</u>	<u>30,687</u>
	<b>Investments</b>		
6	Equity investments in subsidiaries	1,297	1,227
		<u>1,297</u>	<u>1,227</u>
11	<b>Cash at hand and in bank</b>	62,835	37,445
	<b>TOTAL ASSETS</b>	<u>78,025</u>	<u>70,243</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	500	500
	Net revaluation reserve according to the equity method	1,132	1,102
	Retained earnings	24,516	18,733
	Proposed dividends	25,000	15,000
	<b>Total equity</b>	<u>51,148</u>	<u>35,335</u>
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
12	Other payables	23,914	34,863
	Deferred income	2,963	45
	<b>Total liabilities</b>	<u>26,877</u>	<u>34,908</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>78,025</u>	<u>70,243</u>

- 1 Accounting policies
- 13 Financial risks
- 14 Contingencies, etc.
- 15 Related parties
- 16 Financial highlights (5-year overview)

## Financial statements for the period 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
<b>Equity 1 January 2020</b>	500	1,056	33,550	0	35,106
Transferred, cf. profit appropriation	0	46	-14,817	15,000	229
Other comprehensive income	0	0	0	0	0
<b>Equity 1 January 2021</b>	500	1,102	18,733	15,000	35,335
Dividend distribution	0	0	0	-15,000	-15,000
Transferred, cf. profit appropriation	0	30	5,783	25,000	30,813
Other comprehensive income	0	0	0	0	0
<b>Equity 31 December 2021</b>	500	1,132	24,516	25,000	51,148

The share capital consists of shares of DKK 1 each or multiples hereof.

The share capital has not been changed during the last 5 years.

## **Financial statements for the period 1 January – 31 December**

### **Notes to the financial statements**

#### **1 Accounting policies**

The annual report of Polaris Management A/S for 2021 has been prepared in accordance with the Danish Alternative Investment Fund Managers Act, the Executive Order on General Requirements for Annual Reports and Auditing of Alternative Investment Fund Managers as well as the Executive Order on Financial Reporting by Credit Institutions and Investment Companies, etc.

The accounting policies applied in the preparation of the annual report are consistent with those of last year.

#### **Consolidated financial statements**

Pursuant to section 137(1) of the Executive Order on Financial Reporting by Credit Institutions and Investment Companies, etc., consolidated financial statements have not been prepared. The parent company, PM Holding 2005 ApS, Malmøgade 3, 2100 København Ø (registration no. 28 48 15 35), prepares consolidated financial statements in which Polaris Management A/S and its subsidiaries are included.

#### **Foreign currency translation**

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

#### **Income statement**

##### **Fee and commission income**

Fee and commission income received includes management fee income, which is accrued over the earnings period and fees for advisory and transaction services, etc., provided. Prepaid management fee is recognised as deferred income.

##### **Financial income and expenses**

Financial income and expenses comprise interest income and expense, realised and unrealised exchange gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

##### **Tax on profit for the year**

The Company is jointly taxed with the parent company, PM Holding 2005 ApS, and other Danish group companies. Tax for the year comprises current tax for the year (joint taxation contributions) and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement.

Surcharges, premiums, and refunds in relation to the tax payment are included in financial income and expenses.

#### **Balance sheet**

##### **Property, plant, and equipment**

Fixtures and fittings, other plant and equipment as well as leasehold improvements are measured at cost less accumulated depreciation.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The basis of depreciation is cost less any estimated residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years, however, the life may not exceed the term of the lease

Write-down of property, plant and equipment is made to the recoverable amount if this is lower than the carrying amount.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as part of depreciation.

#### Receivables

Receivables are measured at nominal value less write-down for bad debt losses. Deposits are recognised at the nominal value of the amount deposited.

#### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity investments in subsidiaries

Investments in subsidiaries are measured using the equity method at the proportionate share of the subsidiaries' net asset values calculated in accordance with the Company's accounting policies.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Polaris Management A/S are not included in the reserve for net revaluation.

#### Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Payable and receivable joint taxation contributions are recognised in the balance sheet under balances with group companies.

Deferred tax is recognised using the current tax rate on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax assets are recognised if they can in all probability be utilised.

#### Other liabilities

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Deferred income

Deferred income consists of prepaid management fee.

DKK'000	2021	2020
<b>2 Fee and commission income</b>		
Fee and commission income received (management fee) by investment funds under management:		
Polaris Private Equity II K/S	0	179
Polaris Private Equity III K/S	2,918	8,195
Polaris Private Equity IV K/S	34,081	57,470
Polaris Private Equity V K/S	85,565	2,741
	<u>122,564</u>	<u>68,585</u>
<b>3 Other external administrative expenses</b>		
<b>Fees to depositary entities to the extent paid by the Company</b>		
Other external expenses include fees to depositary entities related to investment funds under management in the amount of	<u>222</u>	<u>318</u>
<b>Fees paid to independent auditor appointed at the annual general meeting</b>		
Fee regarding statutory audit	117	111
Other assurance services	0	0
Tax/VAT advisory services	9	9
Other non-audit services	433	527
Total fees	<u>559</u>	<u>647</u>
<b>4 Remuneration</b>		
Wages and salaries	44,750	38,628
Pensions	4,990	4,260
Other social security costs	305	213
Other staff costs	8,060	6,934
Reported staff costs	<u>58,105</u>	<u>50,035</u>
Average number of full-time employees	<u>31</u>	<u>27</u>
Hereof:		
Female employees	9	4
Male employees	22	23



## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 4 Remuneration (continued)

The Board of Directors consists of 3 male members and 1 female member.

DKK'000	2021	2020
<i>Board of Directors (4 members):</i>		
Fixed fee	1,575	1,225
Variable fee	0	0
Total fee expensed	1,575	1,225

Taking the current data protection rules into account the required information regarding the total remuneration of the executive board, consisting only of Jan Johan Kühl, is available on the following link: <https://polarisequity.dk/wp-content/uploads/2022/03/Appendix-to-PM-AS-annual-report-2021-Remuneration.pdf>

At the above mentioned link, information of the remuneration of the Board of Directors split into the separate members of the Board of Directors is also available.

Remuneration expensed in 2021 to other significant risk takers than members of the Executive Board amounted to DKK 12,124 thousand (2020: DKK 14,932 thousand) in total for 6 (2020: 7) significant risk takers. The remuneration includes fixed salary expensed of DKK 11,874 thousand (2020: DKK 13,762 thousand) and variable salary expensed of DKK 250 thousand (2020: DKK 1,170 thousand).

#### Remuneration policy

Polaris Management A/S' remuneration policy aims at attracting, retaining, developing and rewarding employees who contribute to the profitable growth of the Company. The policy ensures that remuneration is credible, effective and fair, that the ratio of fixed and variable salary is adequate, proportional and balanced and that the overall remuneration is aligned with sound and efficient risk management principles and does not encourage excessive risk-taking. The policy has not been changed during the year.

Members of the Board of Directors are compensated individually and on a fixed remuneration basis only.

All other employees are compensated individually and primarily on a fixed salary basis but may in addition hereto receive a component of cash based variable salary based on the remuneration policy. A bonus model applies for the investment team, which is designed to create coherence between the investor's long-term perspective and the performance of the individual employees. Employees in controlling functions do not participate in this model, but may receive variable salary based on individual performance, which is not linked in any way to the outcome of the actual controlling or business performance, but instead based on the achievement of the objectives of the risk management function.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 5 Property, plant and equipment

DKK'000	Leasehold improve- ments	Fixtures and fittings, other plant and equip- ment	Total
Cost at 1 January 2021	3,063	3,217	6,280
Additions	131	424	555
Disposals	0	-280	-280
Cost at 31 December 2021	3,194	3,361	6,555
Depreciation and impairment losses at 1 January 2021	2,898	2,499	5,397
Depreciation	112	460	572
Depreciation, assets disposed	0	-277	-277
Depreciation and impairment losses at 31 December 2021	3,010	2,682	5,692
<b>Carrying amount at 31 December 2021</b>	<b>184</b>	<b>679</b>	<b>863</b>

Loss for the year on disposal of property, plant and equipment amounts to DKK 2 thousand (2020 profit: DKK 3 thousand).

DKK'000	2021	2020
<b>6 Investments</b>		
Cost at 1 January 2021	125	125
Additions	40	0
Cost at 31 December 2021	165	125
Value adjustment at 1 January 2021	1,102	1,056
Profit/loss for the year	30	46
Value adjustment at 31 December 2021	1,132	1,102
<b>Carrying amount at 31 December 2021</b>	<b>1,297</b>	<b>1,227</b>

Key figures of subsidiaries:

Name and registered office	Ownership interest	Equity DKK'000	Profit for the year DKK'000
Polaris Invest II ApS, Copenhagen (one of the general partners of Polaris Private Equity II K/S in liquidation)	100%	1,257	30
Polaris Flexible Invest I ApS, Copenhagen*	100%	-	-

\* The company has not yet prepared its first set of financial statements

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

<b>7 Financial income</b>		
<b>DKK'000</b>	<b>2021</b>	<b>2020</b>
Other interest income, investment funds under management and related entities	166	85
Foreign exchange gains	60	176
	<u>226</u>	<u>261</u>
<b>8 Financial expenses</b>		
Interest expenses, banks	309	202
Other financial expenses	170	112
Foreign exchange losses	115	70
	<u>594</u>	<u>384</u>
<b>9 Tax on profit for the year</b>		
Calculated tax on the taxable income for the year (joint taxation contribution payable)	6,680	0
Adjustment of deferred tax	2,041	81
Prior year adjustment	-2	-13
	<u>8,719</u>	<u>68</u>
Tax on the profit for the year is specified as follows:		
22% tax on the profit for the year before tax	8,697	65
The tax effect of:		
Other non-deductible costs	29	13
Other non-taxable income	-7	-10
	<u>8,719</u>	<u>68</u>
Effective tax rate	<u>22.1%</u>	<u>22.9%</u>
Deferred tax relates to:		
Property, plant and equipment	181	176
Tax loss carried forward	0	2,046
	<u>181</u>	<u>2,222</u>

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 10 Receivables from investment funds under management and related entities

Receivables primarily consist of receivables from the Polaris Private Equity investment funds under management and their related entities including portfolio companies. All management fees have been paid during the year.

DKK'000	2021	2020
<b>11 Cash at hand and in bank</b>		
Cash at hand	13	12
Cash deposits with banks, DKK	62,413	36,936
Cash deposits with banks, SEK	409	497
	<u>62,835</u>	<u>37,445</u>
<b>12 Other payables</b>		
Trade payables	6,542	8,173
Payroll related items payable, holiday allowance, etc.	8,142	16,526
VAT payable and payroll taxes	7,598	7,838
Other payables	1,632	2,326
	<u>23,914</u>	<u>34,863</u>

#### 13 Financial risks, etc.

The Board of Directors has provided guidelines in respect of the types of risk that the Company may be exposed to. These guidelines include identification, management, controlling and reporting of risks. The guidelines are supported by a number of routines and business procedures. Moreover, Management has formulated policies relating to market risks, liquidity, credit risks, insurance risks and operational risks. Together with the policies, the guidelines and procedures constitute the Company's overall risk policy. The risk policy ensures that the Company's capital and capital ratio requirements always comply with statutory requirements and identified risks.

Management discusses and monitors the financial position of the Company and relevant risks as a whole on an ongoing basis, latest at the Board of Directors' meeting held on 13 December 2021.

The Company's liquidity must always be sufficient. Liquidity risk is generally considered insignificant due to excess liquidity and prepayment of management fee from investment funds under management.

Interest rate risk is considered minimal due to the current low interest rate environment and the Company's policy to place excess liquidity on short-term cash deposits with banks or short-term bonds.

The Company is not exposed to significant currency risks, as all management fee agreements are denominated in DKK and the cost base is also primarily settled in DKK.

Credit risk on cash deposits with banks are mitigated by only allowing deposits with SIFI Institutions. Credit risk related to receivables from investment funds under management and related entities is monitored on an ongoing basis and considered limited.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 13 Financial risks, etc. (continued)

##### *Operational risks*

Polaris Management A/S' management fee income from investment funds under management is calculated as a percentage of committed capital in the individual investment funds during the investment period and as a percentage of unrealised investments and any retained capital commitments during the realisation period. The income of the Company is accordingly dependent on the number, size and classification of investment funds under management as well as the Company's ability to attract investors to raise new investment funds from time to time as the current investment funds are being invested and realised.

#### 14 Contingencies, etc.

The Company's rental and lease liabilities total DKK 1,068 thousand (2020: DKK 997 thousand), which fall due for payment within one year.

The Company is jointly taxed with the Danish subsidiaries and the parent company. As a wholly owned subsidiary, the Company is unlimited and severally liable with the other companies in the joint taxation regarding payment of Danish corporation taxes and Danish withholding taxes on dividends, interests and royalties in the joint taxation.

#### 15 Related party disclosures

The Company is a wholly owned subsidiary of PM Holding 2005 ApS, Malmøgade 3, DK-2100 København Ø (registration no. 28 48 15 35), which is owned by the partners of Polaris Management A/S.

The consolidated financial statements of PM Holding 2005 ApS are available at the Company's address.

Related parties comprise the Company's and the parent company's shareholders, Board of Directors and Executive Board and subsidiaries. Related parties also comprise companies in which the persons mentioned hold significant interests.

##### **Transactions with related parties**

Remuneration of Management during the year is disclosed in note 4.

Transactions with subsidiaries are disclosed in note 6.

Joint taxation contribution payable to the parent company is disclosed in note 9.

The Company has paid a total dividend of 15 million to the parent company during 2021 (2020: DKK 0 million).

##### **Transactions with investment funds under management and related entities**

Management fees received from investment funds under management are disclosed in note 2.

Receivables from investment funds under management and related entities are disclosed separately in the balance sheet and in note 10 and other interest income in note 7.

## Financial statements for the period 1 January – 31 December

### Notes to the financial statements

#### 16 Financial highlights (5-year overview)

##### Ratios and key figures

DKKm	2021	2020	2019	2018	2017
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##### Key figures

Fee and commission income	123	69	68	74	77
Total staff costs and administrative expenses	-82	-68	-78	-55	-58
Profit before financial items	40	0	-10	17	19
<b>Profit for the year</b>	<b>31</b>	<b>0</b>	<b>-8</b>	<b>14</b>	<b>14</b>

Equity	51	35	35	58	59
Total assets	<b>78</b>	<b>70</b>	<b>58</b>	<b>76</b>	<b>79</b>

##### Ratios

Capital base in relation to minimum capital requirements**	2.86	2.08	2.15	3.73	4.47
Equity ratio	66%	50%	61%	76%	75%
Return on average equity before tax	91%	1%	-21%	30%	36%
Return on average equity after tax	71%	1%	-17%	23%	28%
Number of managed alternative investment funds	5	4	3	3	3
Assets under management	*3,912	*6,049	*4,148	*2,477	*2,825

Average number of employees	<b>31</b>	<b>27</b>	<b>23</b>	<b>22</b>	<b>23</b>
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\* Of which DKK 3,296 million (2020: DKK 5,407 million, 2019: DKK 3,837 million and 2018: DKK 2,244 million) relates to funds, which are subject to the Danish Alternative Investment Fund Managers Act.

\*\* Calculated as cash at hand and in bank / capital requirement (liquidity reserve).

##### Definition of ratios

The financial ratios have been prepared in accordance with the Danish Financial Supervisory Authority's definitions.

## Other management assignments of the Board of Directors and Executive Board

### Board of Directors

#### **Erik G. Hansen, Chairman**

Member of the Board of Directors:

Chair

- ▶ Sirius Holding ApS
- ▶ Polaris II Invest Fonden

Deputy Chair

- ▶ Bagger-Sørensen & Co. A/S + 5 subsidiaries
- ▶ OKONO A/S
- ▶ Lauritzen Fonden

Board members

- ▶ Bavarian Nordic A/S
- ▶ ECCO Sko A/S
- ▶ Bagger-Sørensen Fonden
- ▶ Wide Invest ApS
- ▶ Lesanco ApS
- ▶ Farumgade 2 B Holding ApS + 1 subsidiary
- ▶ Saga Private Equity ApS

Member of the Executive Board:

- ▶ EGH Gentofte ApS
- ▶ Rigas Invest ApS + 2 subsidiaries
- ▶ Sirius Holding ApS + 1 subsidiary
- ▶ Polaris Invest II ApS

#### **Bertil Villard**

Member of the Board of Directors:

Chair

- ▶ Strax AB
- ▶ Landsort Care 4 AB

Deputy Chair

- ▶ Tengroth & Co AB

Board members

- ▶ Bertil Villard Holding AB
- ▶ Azelio AB
- ▶ iCoat Medical AB
- ▶ Polaris II Invest Fonden
- ▶ Hamiltonska Stiftelsen

Member of the Executive Board:

Polaris Invest II ApS

## Other management assignments of the Board of Directors and Executive Board

### Board of Directors (continued)

#### **Anne Holm Rannaleet**

Member of the Board of Directors:

Chair

- ▶ Kalexa Förvaltning AB
- ▶ Kalexa Advisory AB

Board member

- ▶ Ideela Föreningen Effektfullt
- ▶ Helekask Advisory AB
- ▶ Unicus Holding AS
- ▶ Insamlingsföreningen Kinondo Support
- ▶ IK Aid and Relief Enterprise Ltd. UK
- ▶ Polaris II Invest Fonden

Member of the Executive Board:

- ▶ Polaris Invest II ApS

#### **Peter Højtermand**

Member of the Board of Directors:

Chair

- ▶ Kirstein Holding A/S + 1 subsidiary
- ▶ Lind Capital A/S
- ▶ Asgard Asset Management A/S
- ▶ Frederiksborg Gruppen A/S
- ▶ CL-Gruppen A/S

Board member

- ▶ Polaris Flexible Invest I ApS

Member of the Executive Board:

- ▶ PFC I – Debt ApS



## **Other management assignments of the Board of Directors and Executive Board**

### **Executive Board**

#### ***Jan Johan Kühl***

##### **Member of the Board of Directors:**

###### **Chair**

- ▶ P-DDM Holding 2019 A/S + 3 subsidiaries
- ▶ Triax Holding A/S
- ▶ Polaris V Invest Fonden

###### **Board member**

- ▶ Inter Pirmo A/S
- ▶ Brøndum Holding A/S + 1 subsidiary
- ▶ Part Unique ApS
- ▶ P-Menu 2018 A/S
- ▶ P-Holding RelyOn Nutec A/S + 1 subsidiary
- ▶ Advantage Investment Partners A/S
- ▶ P-Vikingbus 2021 A/S + 3 subsidiary
- ▶ P-Link 2019 A/S
- ▶ P-Holding af 9. marts 2020 + 2 subsidiary
- ▶ North Risk Holding A/S + 1 subsidiary
- ▶ P-Sinful 2021 A/S
- ▶ P-G&O 2021 A/S

##### **Member of the Executive Board:**

- ▶ Business Synergy Group ApS
- ▶ P-Sinful 2021 A/S