

List of Signatures

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Half Year Report 2021 Polaris Management AS.pdf

Name	Method	Signed at
BERTIL VILLARD	BANKID	2021-08-31 18:08 GMT+02
Peter Høltermand	NEMID	2021-08-31 10:03 GMT+02
ANNE HOLM RANNALEET	BANKID	2021-08-30 15:49 GMT+02
Erik Gregers Hansen	NEMID	2021-08-30 15:37 GMT+02
Jan Johan Kühl	NEMID	2021-08-29 22:53 GMT+02



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Polaris Management A/S

Registration no. 28 50 17 65

FT-no. 23009

Half Year Report Period 1 January – 30 June 2021



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved this half year report for Polaris Management A/S for the period 1 January – 30 June 2021.

The half year report has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act, as applicable for half year reports.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2021 and of the results of its operations for the period 1 January – 30 June 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.

Copenhagen, 27 August 2021

Executive Board:

.....
Jan Johan Kühl

Board of Directors:

.....
Erik Gregers Hansen
Chairman

.....
Anne Holm Rannaleet

.....
Bertil Villard

.....
Peter Høltermand



Management's review

Company details

Name Address, zip code, city	Polaris Management A/S Malmøgade 3 2100 Copenhagen Ø Denmark
Registration no.	28 50 17 65
FT-no.	23009
Established	8 February 2005
Registered office	Copenhagen
Financial year	1 January – 31 December
Website	www.polarisequity.dk
E-mail	polaris@polarisequity.dk
Telephone	+45 35 26 35 74
Executive Board	Jan Johan Kühl
Board of Directors	Erik Gregers Hansen, Chairman Anne Holm Rannaleet Bertil Villard 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 the investment vehicles commonly known as the Polaris Private Equity funds or 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, etc., 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 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 managed include:

- ▶ Polaris Private Equity II, established 2006, capital commitment DKK 2.0 billion, fully realised and in liquidation.
- ▶ Polaris Private Equity III*, established 2009, capital commitment DKK 2.7 billion, realisation period
- ▶ Polaris Private Equity IV*, final closing in June 2016, capital commitment DKK 3.3 billion, realisation period.
- ▶ Polaris Private Equity V*, fund raising ongoing, established in 2020, capital commitment DKK 4.3 billion, investment period.
- ▶ Polaris Flexible Capital I K/S, fundraising ongoing, established in 2021

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

Polaris Private Equity seeks to invest 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 should always have a potential for value creation. Through capital and active ownership, Polaris contributes to this value creation. Polaris aims to achieve controlling shareholdings, alone or together with other financial investors, including the Management of the company and the company's former owners.

The investors of Polaris Private Equity are a number of Danish and international investors.

In May 2021, Polaris Management has announced the launch of Polaris Flexible Capital. This new addition to the management activity and strategy has been approved by the Danish Financial Supervisory Authority. Polaris Flexible Capital will typically invest DKK 50-200 million across companies' capital structure focusing on junior debt tailored to the specific company as well as minority shareholdings. Polaris Flexible Capital is expected to hold the first closing during the Autumn 2021.

Further information about Polaris is available at our website, www.polarisequity.dk.

Performance in the period

During the first half of 2021, as fund manager for Polaris Private Equity, Polaris Management A/S has participated in successful execution of 5 new investments and contributed further to the continued development of the portfolio companies in Polaris Private Equity funds. One divestment has successfully been executed in the first half of 2021.

Polaris Management A/S has published its first sustainability report for the year 2020 as stated in the annual report 2020.

During the first half year of 2021, Polaris Management A/S has successfully been able to raise further commitments to the new fund, Polaris Private Equity V. The fund raising is still ongoing although the investment period is active as well. The fund is expected to have final close at the latest in December 2021.



Development in financial matters

For the first six months of 2021, Polaris Management A/S realised a profit of DKK 14,086 thousand (first six months of 2020: profit of DKK 3,796 thousand). The profit was overall in line with Management's expectations.

At 30 June 2021, the equity amounted to DKK 34,421 thousand (31 December 2020: DKK 35,335 thousand) of total assets of DKK 66,824 thousand (31 December 2020: 70,243 thousand), and the Company's equity ratio was 52% (2020: 50%).

Dividend payments during the year amounted to DKK 15,000 thousand (first half of 2020: DKK 0 thousand). Management's review

Outlook

As stated in the full year report 2020, the Company expects to realize an operating profit for 2021 following the establishment of Polaris Private Equity V (net increase in management fee income going forward) and the settlement of establishment costs according to the LPA.

Other matters and events after the balance sheet date

No events have occurred after the balance sheet date that may materially affect the assessment of the half year report. Other matters related to particular risks, management remuneration, sustainability and gender equality policy, intellectual capital, etc., are described in the Management's review included in the Annual Report 2020, to which reference is made.



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Financial statements for the period 1 January - 30 June

Income statement and statement of comprehensive income

Income statement

Note	DKK'000	H1 2021	H1 2020	2020 (full year)
2	Fee and commission income	60,630	32,754	68,585
4	Other external administrative expenses	-12,925	-5,719	-17,679
3	Staff costs	-29,260	-21,897	-50,035
	Total staff costs and administrative expenses	-42,185	-27,616	-67,714
	Depreciation of property, plant and equipment and amortisation of intangible assets	-264	-252	-497
	Profit before financial items	18,181	4,886	374
	Share of profit in subsidiaries net of tax	30	21	46
5	Financial income	87	160	261
6	Financial expenses	-240	-191	-384
	Profit before tax	18,058	4,876	297
7	Tax on profit for the period	-3,972	-1,080	-68
	Profit for the period	14,086	3,796	229
	Proposed profit appropriation			
	Proposed dividends	0	0	15,000
	Extraordinary dividend approved in the period	0	0	0
	Reserve for net revaluation according to the equity method	30	21	46
	Retained earnings	14,056	3,775	-14,817
		14,086	3,796	229

Statement of comprehensive income

Profit for the period	14,086	3,796	229
Other comprehensive income	0	0	0
Total comprehensive income for the period	14,086	3,796	229



Financial statements for the period 1 January – 30 June

Balance sheet

Note	DKK'000	30/6 2021	30/6 2020	31/12 2020
	ASSETS			
	Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	961	890	884
		<u>961</u>	<u>890</u>	<u>884</u>
	Receivables			
8	Receivables from investment funds under management and related entities	4,265	15,485	18,920
	Current tax receivable	5,071	50	0
	Deferred tax asset	179	1,223	2,222
	Other receivables	4,225	2,438	4,550
	Deposits	920	897	901
	Prepayments	4,587	3,752	4,094
		<u>19,247</u>	<u>23,845</u>	<u>30,687</u>
	Investments			
	Equity investments in subsidiaries	1,297	1,202	1,227
		<u>1,297</u>	<u>1,202</u>	<u>1,227</u>
9	Cash at hand and in bank	45,319	42,091	37,445
	TOTAL ASSETS	<u>66,824</u>	<u>68,028</u>	<u>70,243</u>
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	500	500	500
	Net revaluation reserve according to the equity method	1,132	1,077	1,102
	Retained earnings	32,789	37,325	18,733
	Proposed dividends	0	0	15,000
	Total equity	<u>34,421</u>	<u>38,902</u>	<u>35,335</u>
	Liabilities			
	Current liabilities			
	Current tax liabilities (joint taxation contribution payable)	0	0	0
	Deferred income	45	135	45
10	Other payables	32,358	28,991	34,863
	Total liabilities	<u>32,403</u>	<u>29,126</u>	<u>34,908</u>
	TOTAL EQUITY AND LIABILITIES	<u>66,824</u>	<u>68,028</u>	<u>70,243</u>

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- 11 Financial risks
- 12 Contingencies, etc.
- 13 Related parties
- 14 Financial highlights (5-year overview)



Financial statements for the period 1 January – 30 June

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Proposed dividends	Total
Equity 1 January 2020	500	1.056	33,550	0	35,106
Dividends paid during the year	0	0	0	0	0
Transferred, cf. profit appropriation	0	46	-14,817	15,000	229
Extraordinary dividend distribution				0	0
Other comprehensive income	0	0	0	0	0
Equity 1 January 2021	500	1,102	18,733	15,000	35,335
Dividends paid during the period	0	0	0	-15,000	-15,000
Transferred, cf. profit appropriation	0	30	14,056	0	14,086
Other comprehensive income	0	0	0	0	0
Equity 30 June 2021	500	1,132	32,789	0	34,421

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 – 30 June

Notes to the financial statements

1 Accounting policies

The half year report of Polaris Management A/S for 2021 has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act, the Executive Order (No. 239 07/03/2014) on General Requirements for Annual Reports and Auditing of Alternative Investment Fund Managers as well as the Executive Order (No. 281 26/03/2014), together with the Executive Order No. 707 01/06/2016 on changes to the original Executive Order) on Financial Reporting by Credit Institutions and Investment Companies, etc., as applicable for half year reports.

The accounting policies are unchanged compared to those applied in the Annual Report 2020. Reference is made to note 1 in the Annual Report for 2020, which contains a full description of the accounting policies.

The half year report has not been subject to an audit or a review.

Consolidated financial statements

Pursuant to section 137(1) of the Executive Order (No. 281 26/03/2014) 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 Copenhagen Ø (CVR-no. 28 48 15 35), prepares annual consolidated financial statements in which Polaris Management A/S and its subsidiary is included.

DKK'000	<u>H1 2021</u>	<u>H1 2020</u>	<u>2020</u>
2 Fee and commission income			
Fee and commission income received (management fee) by investment funds under management:			
Polaris Private Equity II K/S	0	89	179
Polaris Private Equity III K/S	2,894	4,087	8,195
Polaris Private Equity IV K/S	17,167	28,578	57,470
Polaris Private Equity V K/S	40,569	0	2,741
	<u>60,630</u>	<u>32,754</u>	<u>68,585</u>
3 Staff costs			
Wages and salaries	22,773	16,641	38,628
Pensions	2,415	2,065	4,260
Other social security costs	144	94	213
Other staff costs	3,928	3,097	6,934
	<u>29,260</u>	<u>21,897</u>	<u>50,035</u>
Average number of full-time employees	<u>30</u>	<u>26</u>	<u>27</u>
Hereof:			
Female employees	4	4	4
Male employees	26	22	23

The remuneration policy is disclosed in note 4 to the Annual Report 2020, to which reference is made.



Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	H1 2021	H1 2020	2020
4 Other external expenses			
Fees to depositary entities			
Other external expenses include fees to depositary entities related to investment funds under management in the amount of	127	159	318
5 Financial income			
Other interest income, investment funds under management and related entities	57	42	85
Foreign exchange gains	30	118	176
	87	160	261
6 Financial expenses			
Interest expenses, banks	84	99	202
Other financial expenses	110	56	112
Foreign exchange losses	46	36	70
	240	191	384
7 Tax on profit for the period			
Computed tax on the taxable income for the period (joint taxation contribution payable), etc.	3,972	1,080	81
The tax effects of;			
Other non-deductible costs	6	6	0
Other non-taxable income	-6	-6	0
Adjustments regarding previous years	0	0	-13
	3,972	1,080	68
8 Receivables from investment funds under management and related entities			
Receivables primarily consist of receivables from Polaris Private Equity investment funds under management and their related entities including portfolio companies.			



Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	30/6 2021	30/6 2020	31/12 2020
9 Cash at hand and in bank			
Cash at hand	13	13	12
Cash deposits with banks, DKK	45,152	41,181	36,936
Cash deposits with banks, SEK	154	897	497
	<u>45,319</u>	<u>42,091</u>	<u>37,445</u>
10 Other payables			
Trade payables	9,520	5,295	8,173
Payroll related items payable, holiday allowance, etc.	10,674	12,545	16,526
VAT payable and payroll taxes	10,007	9,070	7,838
Other payables	2,157	2,081	2,326
	<u>32,358</u>	<u>28,991</u>	<u>34,863</u>

11 Financial risks, etc.

The Company's financial risks, etc., are in all material aspects unchanged compared to those disclosed in note 13 to the Annual Report 2020, to which reference is made.

12 Contingencies, etc.

The Company's rental liabilities total DKK 1,022, thousand (31/12 2020: DKK 997 thousand) which fall due for payment within half a year.

Other operating lease obligations amount to DKK 139,676 thousand (31/12 2020: DKK 0 thousand) which fall due for payment within one year. The current operating lease obligation is due every month.

The Company is jointly taxed with the Danish subsidiary 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.

13 Related party disclosures

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

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.

Significant 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 8 and other interest income in note 5.



Financial statements for the period 1 January – 30 June

Notes to the financial statements

14 Financial highlights (5-year overview)

Ratios and key figures

DKKm	H1 2021	FY 2020	FY 2019	FY 2018	FY 2017
Key figures					
Fee and commission income	61	69	68	74	77
Total staff costs and administrative expenses	-42	-68	-78	-55	-58
Profit before financial items	18	0	-10	17	19
Profit for the period	14	0	-8	14	14
Equity	34	35	35	58	59
Total assets	67	70	58	76	79
Ratios					
Capital base in relation to minimum capital requirements	***2.52	***2.08	***2.15	***3.73	***4.47
Equity ratio	52%	50%	61%	76%	75%
Return on average equity before tax annualised	104%	1%	-21%	30%	36%
Return on average equity after tax	81%	1%	-17%	23%	28%
Number of managed alternative investment funds	*4	*4	3	3	3
Assets under management	**4.361	**6,049	**4,148	**2,477	**2,825
Average number of employees	30	27	23	22	23

* *Polaris Flexible Capital I K/S is not yet active and therefore not included in number of managed alternative investment funds as of 30 June 2021.*

** *Of which DKK 3.587 million (31/12 2020: DKK 5,407 million) relates to funds, which are subject to the Danish Alternative Investment Fund Managers, etc., Act.*

Definition of ratios

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

