



## Polaris Management A/S

Registration no. 28 50 17 65

FT-no. 23009

## **Half Year Report** Period 1 January – 30 June 2022

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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 2022.

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 2022 and of the results of its operations for the period 1 January – 30 June 2022.

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, 29 August 2022

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	Polaris Management A/S
Address, zip code, city	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	<a href="http://www.polarisequity.dk">www.polarisequity.dk</a>
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 (under 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. Polaris Private Equity II was established in 2006 with a total capital commitment DKK 2.0 billion and was fully realised and liquidated in January 2022.

Funds currently managed (and subject to the Danish Alternative Investment Fund Managers, etc., Act) include:

- ▶ 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, established in 2020, final close in January 2022, capital commitment DKK 5,135 billion, investment period.
- ▶ Polaris Flexible Capital I K/S, fundraising ongoing, established in 2021 and first close in January 2022.

The Polaris Private Equity Funds 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.

In 2021, Polaris Management 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.

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

Further information about Polaris is available at our website, [www.polarisequity.dk](http://www.polarisequity.dk).

#### Performance in the period

During the first half of 2022, as fund manager for Polaris Private Equity, Polaris Management A/S has participated in successful execution of one new investment and contributed further to the continued development of the portfolio companies in Polaris Private Equity funds. Three divestments have successfully been executed in the first half of 2022. Further, Polaris Management A/S has participated in the execution of the first investment in Polaris Flexible Capital I K/S.

Polaris Management A/S has published its second sustainability report for the year 2021 as stated in the annual report 2021.

In the beginning of the first half year of 2022, Polaris Management A/S has successfully been able to raise further commitments to the new funds, Polaris Private Equity V and Polaris Flexible Capital I.

## **Management's review - continued**

### **Development in financial matters**

For the first six months of 2022, Polaris Management A/S realised a profit of DKK 17,002 thousand (first six months of 2021: profit of DKK 14,086 thousand). The profit overall is in line with Management's expectations.

At 30 June 2022, the equity amounted to DKK 43,150 thousand (31 December 2021: DKK 51,148 thousand) of total assets of DKK 66,821 thousand (31 December 2021: 78,025 thousand), and the Company's equity ratio was 65% (2021: 66%). Dividend payments during the year amounted to DKK 25,000 thousand (first half of 2021: DKK 15,000 thousand).

### **Outlook**

As stated in the full year report 2021, the Company expects to realise an operating profit for 2022 at the same level as realised for 2021 (DKK 30-40,000 thousand).

### **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 2021, to which reference is made.

## Financial statements for the period 1 January – 30 June

### Income statement and statement of comprehensive income

#### Income statement

Note	DKK'000	H1 2022	H1 2021	2021 (full year)
<b>2</b>	<b>Fee and commission income</b>	70,867	60,630	122,564
4	Other external administrative expenses	-8,816	-12,925	-24,015
3	Staff costs	-39,616	-29,260	-58,105
	Total staff costs and administrative expenses	-48,432	-42,185	-82,120
	Depreciation of property, plant and equipment and amortisation of intangible assets	-266	-264	-574
	<b>Profit before financial items</b>	22,168	18,181	39,870
	Share of profit in subsidiaries net of tax	-24	30	30
5	Financial income	209	87	226
6	Financial expenses	-461	-240	-594
	<b>Profit before tax</b>	21,892	18,058	39,532
7	Tax on profit for the period	-4,890	-3,972	-8,719
	<b>Profit for the period</b>	17,002	14,086	30,813
	<b>Proposed profit appropriation</b>			
	Proposed dividends	0	0	25,000
	Extraordinary dividend approved in the period	0	0	0
	Reserve for net revaluation according to the equity method	-24	30	30
	Retained earnings	17,026	14,056	5,783
		17,002	14,086	30,813

#### Statement of comprehensive income

Profit for the period	17,002	14,086	30,813
Other comprehensive income	0	0	0
<b>Total comprehensive income for the period</b>	17,002	14,086	30,813

## Financial statements for the period 1 January – 30 June

### Balance sheet

Note	DKK'000	<u>30/6 2022</u>	<u>30/6 2021</u>	<u>31/12 2021</u>
<b>ASSETS</b>				
<b>Property, plant and equipment</b>				
	Fixtures and fittings, other plant and equipment	723	961	863
		<u>723</u>	<u>961</u>	<u>863</u>
<b>Receivables</b>				
8	Receivables from investment funds under management and related entities	7,274	4,265	2,762
	Current tax receivable	4,805	5,071	3,377
	Deferred tax asset	185	179	181
	Other receivables	826	4,225	1,138
	Deposits	942	920	901
	Prepayments	5,011	4,587	4,671
		<u>19,043</u>	<u>19,247</u>	<u>13,030</u>
<b>Investments</b>				
	Equity investments in subsidiaries	1,272	1,297	1,297
		<u>1,272</u>	<u>1,297</u>	<u>1,297</u>
9	<b>Cash at hand and in bank</b>	<u>45,783</u>	<u>45,319</u>	<u>62,835</u>
	<b>TOTAL ASSETS</b>	<u><u>66,821</u></u>	<u><u>66,824</u></u>	<u><u>78,025</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
	Share capital	500	500	500
	Net revaluation reserve according to the equity method	1,108	1,132	1,132
	Retained earnings	41,542	32,791	24,516
	Proposed dividends	0	0	25,000
	<b>Total equity</b>	<u>43,150</u>	<u>34,421</u>	<u>51,148</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
	Deferred income	1,505	45	2,963
10	Other payables	22,166	32,358	23,914
	<b>Total liabilities</b>	<u>23,671</u>	<u>32,403</u>	<u>26,877</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>66,821</u></u>	<u><u>66,824</u></u>	<u><u>78,025</u></u>

- 1 Accounting policies
- 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
<b>Equity 1 January 2021</b>	500	1.102	18,733	15,000	35,335
Dividends paid during the year	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 1 January 2022</b>	500	1,132	24,516	25,000	51,148
Dividends paid during the period	0	0	0	-25,000	-25,000
Transferred, cf. profit appropriation	0	-24	17,026	0	17,002
Other comprehensive income	0	0	0	0	0
<b>Equity 30 June 2022</b>	500	1,108	41,542	0	43,150

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 2022 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 2021. Reference is made to note 1 in the Annual Report for 2021, which contains a full description of the accounting policies.

The half year report has not been subject to an audit or a review by our independent auditors.

#### 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	H1 2022	H1 2021	2021
<b>2 Fee and commission income</b>			
Fee and commission income received (management fee) by investment funds under management:			
Polaris Private Equity III K/S	1,459	2,894	2,918
Polaris Private Equity IV K/S	16,967	17,167	34,081
Polaris Private Equity V K/S	49,989	40,569	85,565
Polaris Flexible Capital I K/S	2,452	0	0
	70,867	60,630	122,564
<b>3 Staff costs</b>			
Wages and salaries	30,581	22,773	44,750
Pensions	2,686	2,415	4,990
Other social security costs	162	144	305
Other staff costs	6,187	3,928	8,060
	39,616	29,260	58,105
Average number of full-time employees	38	30	31
Hereof:			
Female employees	9	4	9
Male employees	29	26	22

The remuneration policy is disclosed in note 4 to the Annual Report 2021, to which reference is made.

## Financial statements for the period 1 January – 30 June

### Notes to the financial statements

DKK'000	H1 2022	H1 2021	2021
<b>4 Other external expenses</b>			
<b>Fees to depositary entities</b>			
Other external expenses include fees to depositary entities related to investment funds under management in the amount of	95	127	222
	95	127	222
<b>5 Financial income</b>			
Other interest income, investment funds under management and related entities	184	57	166
Foreign exchange gains	25	30	60
	209	87	226
<b>6 Financial expenses</b>			
Interest expenses, banks	304	84	309
Other financial expenses	82	110	170
Foreign exchange losses	75	46	115
	461	240	594
<b>7 Tax on profit for the period</b>			
Computed tax on the taxable income for the period (joint taxation contribution payable), etc.	4,816	3,972	8,697
The tax effects of;			
Other non-deductible costs	74	6	29
Other non-taxable income	0	-6	-7
Adjustments regarding previous years	0	0	0
	4,890	3,972	8,719

### 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	<u>30/6 2022</u>	<u>30/6 2021</u>	<u>31/12 2021</u>
<b>9 Cash at hand and in bank</b>			
Cash at hand	0	13	13
Cash deposits with banks, DKK	45,460	45,152	62,413
Cash deposits with banks, SEK	323	154	409
	<u>45,783</u>	<u>45,319</u>	<u>62,835</u>
<b>10 Other payables</b>			
Trade payables	5,679	9,520	6,542
Payroll related items payable, holiday allowance, etc.	11,365	10,674	8,142
VAT payable and payroll taxes	3,631	10,007	7,598
Other payables	1,491	2,157	1,632
	<u>22,166</u>	<u>32,358</u>	<u>23,914</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 2021, to which reference is made.

### 12 Contingencies, etc.

The Company's rental and lease liabilities total DKK 1,197 thousand (31/12 2021: DKK 1,068 thousand) which fall due for payment within half a year.

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 2022	FY 2021	FY 2020	FY 2019	FY 2018
<b>Key figures</b>					
Fee and commission income	71	123	69	68	74
Total staff costs and administrative expenses	-48	-82	-68	-78	-55
Profit before financial items	22	40	0	-10	17
<b>Profit for the period</b>	<b>17</b>	<b>31</b>	<b>0</b>	<b>-8</b>	<b>14</b>
Equity	43	51	35	35	58
Total assets	67	78	70	58	76
<b>Ratios</b>					
Capital base in relation to minimum capital requirements	1.95	2.86	2.08	2.15	3.73
Equity ratio	65%	66%	50%	61%	76%
Return on average equity before tax annualised	93%	91%	1%	-21%	30%
Return on average equity after tax	72%	71%	1%	-17%	23%
Number of managed alternative investment funds	4	5	4	3	3
Assets under management	*4.373	*3,912	*6,049	*4,148	*2,477
Average number of employees	<b>38</b>	<b>31</b>	<b>27</b>	<b>23</b>	<b>22</b>

\* Of which DKK 3.647 million (31/12 2021: DKK 3.296 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.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

**Jan Johan Kühl**

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**ANNE HOLM RANNALEET**

Underskriver

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2022-08-29 19:42:07 UTC



**Erik Gregers Hansen**

Underskriver

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**Peter Høltermand**

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