



Polaris Management A/S

Registration no. 28 50 17 65

FT-no. 23009

Half Year Report

Period 1 January – 30 June 2023

Contents

Statement by the Board of Directors and the Executive Board	2
Management's review	3
Company details	3
Operating review	4
Financial statements for the period 1 January – 30 June	6
Income statement and statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9
Ratios and key figures	12

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 2023.

The half year report has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., Act, as applicable for half year reports. The half year report has not been audited or reviewed by our independent auditors.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2023 and of the results of its operations for the period 1 January – 30 June 2023.

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 2023

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	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 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 1.6 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 with the last exit in 2021.

Funds under management include (all subject to the Danish Alternative Investment Fund Managers, etc., Act):

- ▶ Polaris Private Equity III, established 2009, capital commitment DKK 2.7 billion, transitioned into its realisation period at the end of 2014
- ▶ Polaris Private Equity IV, established 2016, capital commitment DKK 3.3 billion, investment period started during 2015, transitioned into its realisation period at the end of 2020
- ▶ Polaris Private Equity V, established 2020, capital commitment DKK 4.9 billion, investment period started during 2021
- ▶ Polaris Flexible Capital I, initial closing date 28 January 2022, final close in June 2023, capital commitment DKK 0.9 billion, investment period started during 2022.

Polaris Private Equity Funds 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 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 financial investors, including the Management and Board of the company and the company's former owners.

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.

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.

Performance during the period

During the first half of 2023, as fund manager for Polaris Private Equity and Polaris Flexible Capital, Polaris Management A/S has participated in successful execution of 3 new investments and contributed further to the continued development of the portfolio companies and investments in Polaris Private Equity IV, V and in Polaris Flexible Capital I.

During the beginning of the first half of 2023, Polaris Management A/S has successfully been able to raise further commitments to the Polaris Flexible Capital I fund with final closing on 30 June 2023.

Development in financial matters

For the first six months of 2023, Polaris Management A/S realised a profit of DKK 21,226 thousand (first six months of 2022: profit of DKK 17,002 thousand). The profit generally is in line with Management's expectations.

At 30 June 2023, the equity amounted to DKK 53,836 thousand (31 December 2022: DKK 57,610 thousand) of total assets of DKK 89,936 thousand (31 December 2022: 84,622 thousand), and the Company's equity ratio was 60% (2022: 68%). Dividend payments during the period amounted to DKK 25,000 thousand (first half of 2022: DKK 25,000 thousand).

Outlook

For 2023, the Company expects to realise a net profit in line with 2022.

Events after the balance sheet date and other matters

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 2022, 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 2023	H1 2022	2022 (full year)
2	Fee and commission income	71,169	70,867	135,261
4	Other external administrative expenses	-11,489	-8,816	-20,184
3	Staff costs	-31,730	-39,616	-73,503
	Total staff costs and administrative expenses	-43,219	-48,432	-93,687
	Depreciation of property, plant and equipment and amortisation of intangible assets	-207	-266	-513
	Profit before financial items	27,743	22,168	41,061
	Share of profit in subsidiaries net of tax	-4	-24	-112
5	Financial income	803	209	324
6	Financial expenses	-130	-461	-791
	Profit before tax	28,412	21,892	40,482
7	Tax on profit for the period	-7,186	-4,890	-9,019
	Profit for the period	21,226	17,002	31,463
	Proposed profit appropriation			
	Proposed dividends	0	0	25,000
	Extraordinary dividend approved in the period	0	0	0
	Reserve for net revaluation according to the equity method	-986	-24	-112
	Retained earnings	22,212	17,026	6,575
		21,226	17,002	31,463

Statement of comprehensive income

Profit for the period	21,226	17,002	31,463
Other comprehensive income	0	0	0
Total comprehensive income for the period	21,226	17,002	31,463

Financial statements for the period 1 January – 30 June

Balance sheet

Note	DKK'000	30/6 2023	30/6 2022	31/12 2022
	ASSETS			
	Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	699	723	693
		699	723	693
	Receivables			
8	Receivables from investment funds under management and related entities	41,260	7,274	15,978
	Current tax receivable	0	4,805	0
	Deferred tax asset	191	185	204
	Other receivables	424	826	596
	Deposits	1,025	942	1,620
	Prepayments	5,924	5,011	5,177
		48,824	19,043	23,575
	Investments			
	Equity investments in subsidiaries	73	1,272	1,184
		73	1,272	1,184
9	Cash at hand and in bank	40,340	45,783	59,170
	TOTAL ASSETS	89,936	66,821	84,622
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	500	500	500
	Net revaluation reserve according to the equity method	33	1,108	1,019
	Retained earnings	53,303	41,542	31,091
	Proposed dividends	0	0	25,000
	Total equity	53,836	43,150	57,610
	Liabilities			
	Current liabilities			
	Current tax liabilities (joint taxation contribution payable)	4,004	0	0
	Deferred income	15,780	1,505	775
10	Other payables	16,316	22,166	26,237
	Total liabilities	36,100	23,671	27,012
	TOTAL EQUITY AND LIABILITIES	89,936	66,821	84,622

- 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
Equity 1 January 2022	500	1.132	24,516	25,000	51,148
Dividends paid during the year	0	0	0	-25,000	-25,000
Transferred, cf. profit appropriation	0	-112	6,575	25,000	31,463
Extraordinary dividend distribution				0	0
Other comprehensive income	0	0	0	0	0
Equity 1 January 2023	500	1,019	31,091	25,000	57,610
Dividends paid during the period	0	0	0	-25,000	-25,000
Transferred, cf. profit appropriation	0	-986	22,212	0	21,226
Other comprehensive income	0	0	0	0	0
Equity 30 June 2023	500	33	53,303	0	53,836

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 2023 has been prepared in accordance with the Danish Alternative Investment Fund Managers, etc., 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., as applicable for half year reports.

The accounting policies are unchanged compared to those applied in the Annual Report 2022. Reference is made to note 1 in the Annual Report for 2022, 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 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 2023	H1 2022	2022
2 Fee and commission income			
Fee and commission income received (management fee) by investment funds under management:			
Polaris Private Equity III K/S	729	1,459	2,188
Polaris Private Equity IV K/S	14,721	16,967	31,874
Polaris Private Equity V K/S	44,540	49,989	95,759
Polaris Flexible Capital I K/S	11,179	2,452	5,440
	<u>71,169</u>	<u>70,867</u>	<u>135,261</u>
3 Staff costs			
Wages and salaries	24,052	30,581	56,710
Pensions	2,853	2,686	5,492
Other social security costs	176	162	330
Other staff costs	4,649	6,187	10,971
	<u>31,730</u>	<u>39,616</u>	<u>73,503</u>
Average number of full-time employees	<u>37</u>	<u>38</u>	<u>34</u>
Hereof:			
Female employees	10	9	9
Male employees	27	29	25

The remuneration policy is disclosed in note 4 to the Annual Report 2022, to which reference is made.

Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	H1 2023	H1 2022	2022
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	101	95	202
5 Financial income			
Other interest income, investment funds under management and related entities	755	184	234
Foreign exchange gains	48	25	90
	<u>803</u>	<u>209</u>	<u>324</u>
6 Financial expenses			
Interest expenses, banks	0	304	363
Other financial expenses	46	82	223
Foreign exchange losses	84	75	205
	<u>130</u>	<u>461</u>	<u>791</u>
7 Tax on profit for the period			
Computed tax on the taxable income for the period (joint taxation contribution payable), etc.	7,173	4,816	9,044
The tax effects of:			
Adjustment of deferred tax	13	74	-23
Prior year adjustment	0	0	-2
	<u>7,186</u>	<u>4,890</u>	<u>9,019</u>

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 2023</u>	<u>30/6 2022</u>	<u>31/12 2022</u>
9 Cash at hand and in bank			
Cash at hand	0	0	0
Cash deposits with banks, DKK	40,062	45,460	58,415
Cash deposits with banks, SEK	278	323	755
	<u>40,340</u>	<u>45,783</u>	<u>59,170</u>
10 Other payables			
Trade payables	2,483	5,679	5,118
Payroll related items payable, holiday allowance, etc.	8,100	11,365	14,232
VAT payable and payroll taxes	3,469	3,631	4,000
Other payables	2,264	1,491	2,887
	<u>16,316</u>	<u>22,166</u>	<u>26,237</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 2022, to which reference is made.

12 Contingencies, etc.

The Company's rental and lease liabilities total DKK 1,295 thousand (31/12 2022: DKK 1,105 thousand) which fall due for payment within one 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 2023	FY 2022	FY 2021	FY 2020	FY 2019
Key figures					
Fee and commission income	71	135	123	69	68
Total staff costs and administrative expenses	-43	-94	-82	-68	-78
Profit before financial items	27	41	40	0	-10
Profit for the period	21	31	31	0	-8
Equity	54	58	51	35	35
Total assets	90	85	78	70	58
Ratios					
Capital base in relation to minimum capital requirements**	1.68	2.47	2.86	2.08	2,15
Equity ratio	60%	68%	66%	50%	61%
Return on average equity before tax annualized	102%	74%	91%	1%	-21%
Return on average equity after tax	76%	58%	71%	1%	-17%
Number of managed alternative investment funds	7	7	5	4	3
Assets under management	*4.941	*4,143	*3,912	*6,049	*4,148
Average number of employees	37	34	31	27	23

* Of which DKK 4.267 million (31/12 2022: DKK 3.489 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.

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BERTIL VILLARD

Underskriver

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IP: 85.229.xxx.xxx

2023-08-31 12:15:22 UTC



Erik Gregers Hansen

Underskriver

Serienummer: 449338fe-ec75-4126-8350-1368be381cc2

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2023-08-31 12:23:40 UTC



ANNE HOLM RANNALEET

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2023-08-31 12:43:10 UTC



Jan Johan Kühl

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2023-08-31 13:34:52 UTC



Peter Høltermand

Underskriver

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