



Polaris Management A/S

Registration no. 28 50 17 65

FT-no. 23009

Half Year Report For the period 1 January – 30 June 2024

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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 2024.

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 2024 and of the results of its operations for the period 1 January – 30 June 2024.

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 2024

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 Polaris Private Equity, Polaris Flexible Capital and Polaris Public 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, established 2021, capital commitment DKK 0.9 billion, investment period started during 2022.
- ▶ Polaris Public Equity, established 2023 as an evergreen fund, capital commitment DKK 0.3 billion, investment activities started during 2023.

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 including the Polaris Excellence Model, 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.

Polaris Public Equity is an evergreen fund and invests in listed Nordic small and mid-size public companies. The Investment horizon is 3 to 5 years in ownership positions, often between 5% and 10%.

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 2024, 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 1 divestment and contributed further to the continued development of the portfolio companies and investments in Polaris Private Equity IV and V, Polaris Public Equity and in Polaris Flexible Capital I. Furthermore, as fund manager of Polaris Public Equity, Polaris Management A/S has participated in acquiring minority positions in 2 new investments.

Development in financial matters

For the first six months of 2024, Polaris Management A/S realised a profit of DKK 8,957 thousand (first six months of 2023: profit of DKK 21,226 thousand). The profit generally is in line with Management's expectations.

At 30 June 2024, the equity amounted to DKK 47,133 thousand (31 December 2023: DKK 73,176 thousand) of total assets of DKK 90,066 thousand (31 December 2023: 102,072 thousand), and the Company's equity ratio was 52% (2023: 72%). Dividend payments during the period amounted to DKK 35,000 thousand (first half of 2023: DKK 25,000 thousand).

Outlook

For 2024, the Company expects to realise a net profit below 2023 level (DKK 20-25 million), which is unchanged since our release of the Annual Report 2023.

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 including gender equality policy, intellectual capital, etc., are described in the Management's review included in the Annual Report 2023, 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 2024	H1 2023	2023 (full year)
2	Fee and commission income	64,298	71,169	138,263
4	Other external administrative expenses	-13,151	-11,489	-21,075
3	Staff costs	-39,119	-31,730	-64,930
	Total staff costs and administrative expenses	-52,270	-43,219	-86,005
	Depreciation of property, plant and equipment and amortisation of intangible assets	-257	-207	-439
	Profit before financial items	11,771	27,743	51,819
	Share of profit in subsidiaries net of tax	22	-4	13
5	Financial income	495	803	2,853
6	Financial expenses	-151	-130	-289
	Profit before tax	12,137	28,412	54,396
7	Tax on profit for the period	-3,180	-7,186	-13,830
	Profit for the period	8,957	21,226	40,566
	Proposed profit appropriation			
	Proposed dividends	0	0	35,000
	Reserve for net revaluation according to the equity method	22	-986	-969
	Retained earnings	8,935	22,212	6,535
		8,957	21,226	40,566

Statement of comprehensive income

Profit for the period	8,957	21,226	40,566
Other comprehensive income	0	0	0
Total comprehensive income for the period	8,957	21,226	40,566

Financial statements for the period 1 January – 30 June

Balance sheet

Note	DKK'000	30/6 2024	30/6 2023	31/12 2023
	ASSETS			
	Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	1,009	699	978
		<u>1,009</u>	<u>699</u>	<u>978</u>
	Receivables			
8	Receivables from investment funds under management and related entities	37,402	41,260	21,572
	Current tax receivable	0	0	0
	Deferred tax asset	144	191	156
	Other receivables	362	424	0
	Deposits	1,049	1,025	1,719
	Prepayments	6,475	5,924	5,826
		<u>45,432</u>	<u>48,824</u>	<u>29,273</u>
	Investments			
	Equity investments in subsidiaries	112	73	90
		<u>112</u>	<u>73</u>	<u>90</u>
9	Cash at hand and in bank	<u>43,513</u>	<u>40,340</u>	<u>71,731</u>
	TOTAL ASSETS	<u>90,066</u>	<u>89,936</u>	<u>102,072</u>
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	500	500	500
	Net revaluation reserve according to the equity method	72	33	50
	Retained earnings	46,561	53,303	37,626
	Proposed dividends	0	0	35,000
	Total equity	<u>47,133</u>	<u>53,836</u>	<u>73,176</u>
	Liabilities			
	Current liabilities			
	Current tax liabilities (joint taxation contribution payable)	7,545	4,004	7,055
10	Other payables	20,727	16,316	21,795
	Deferred income	14,661	15,780	46
	Total liabilities	<u>42,933</u>	<u>36,100</u>	<u>28,896</u>
	TOTAL EQUITY AND LIABILITIES	<u>90,066</u>	<u>89,936</u>	<u>102,072</u>
	Other note reference			
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 2023	500	1.019	31,091	25,000	57,610
Dividends paid during the year	0	0	0	-25,000	-25,000
Transferred, cf. profit appropriation	0	-969	6,535	35,000	40,566
Other comprehensive income	0	0	0	0	0
Equity 1 January 2024	500	50	37,626	35,000	73,176
Dividends paid during the period	0	0	0	-35,000	-35,000
Transferred, cf. profit appropriation	0	22	8,935	0	8,957
Other comprehensive income	0	0	0	0	0
Equity 30 June 2024	500	72	46,561	0	47,133

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 the period 1 January – 30 June 2024 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 2023. Reference is made to note 1 in the Annual Report for 2023, 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 2024	H1 2023	2023
2 Fee and commission income			
Fee and commission income received (management fee) by investment funds under management:			
Polaris Private Equity III K/S	0	729	729
Polaris Private Equity IV K/S	13,066	14,721	30,455
Polaris Private Equity V K/S	44,663	44,540	89,818
Polaris Flexible Capital I K/S	5,846	11,179	17,106
Polaris PPU Fund ILP	723	0	155
	<u>64,298</u>	<u>71,169</u>	<u>138,263</u>
3 Staff costs			
Wages and salaries	30,109	24,052	49,339
Pensions	3,089	2,853	5,816
Other social security costs	191	176	356
Other staff costs	5,730	4,649	9,417
	<u>39,119</u>	<u>31,730</u>	<u>64,930</u>
Average number of full-time employees	<u>38</u>	<u>37</u>	<u>40</u>
Hereof:			
Female employees	10	10	10
Male employees	28	27	30

The remuneration policy is disclosed in note 4 to the Annual Report 2023, to which reference is made.

Financial statements for the period 1 January – 30 June

Notes to the financial statements

DKK'000	H1 2024	H1 2023	2023
4 Other external expenses			
Fees to depositary entities to the extent paid by the Company			
Other external expenses include fees to depositary entities related to investment funds under management in the amount of	115	101	204
5 Financial income			
Interest income	266	0	513
Other interest income, investment funds under management and related entities	110	755	2,191
Foreign exchange gains	119	48	149
	<u>495</u>	<u>803</u>	<u>2,853</u>
6 Financial expenses			
Interest expenses, banks	0	0	0
Other financial expenses	39	46	140
Foreign exchange losses	112	84	149
	<u>151</u>	<u>130</u>	<u>289</u>
7 Tax on profit for the period			
Computed tax on the taxable income for the period (joint taxation contribution payable), etc.	3,168	7,173	13,782
The tax effects of:			
Adjustment of deferred tax	12	13	48
Prior year adjustment	0	0	0
	<u>3,180</u>	<u>7,186</u>	<u>13,830</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 2024</u>	<u>30/6 2023</u>	<u>31/12 2023</u>
9 Cash at hand and in bank			
Cash at hand	0	0	0
Cash deposits with banks, DKK	43,159	40,062	71,301
Cash deposits with banks, SEK	354	278	430
	<u>43,513</u>	<u>40,340</u>	<u>71,731</u>
10 Other payables			
Trade payables	5,770	2,483	7,140
Payroll related items payable, holiday allowance, etc.	8,800	8,100	9,199
VAT payable and payroll taxes	3,826	3,469	5,260
Other payables	2,331	2,264	196
	<u>20,727</u>	<u>16,316</u>	<u>21,795</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 2023, to which reference is made.

12 Contingencies, etc.

The Company's rental and lease liabilities total DKK 1,421 thousand (31/12 2023: DKK 1,357 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 2024	FY 2023	FY 2022	FY 2021	FY 2020
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Key figures

Fee and commission income	64	138	135	123	69
Total staff costs and administrative expenses	-52	-86	-94	-82	-68
Profit before financial items	12	52	41	40	0
Profit for the period	9	41	31	31	0

Equity	47	73	58	51	35
Total assets	90	102	85	78	70

Ratios

Capital base in relation to minimum capital requirements**	1.89	3.12	2.47	2.86	2.08
Equity ratio	52%	72%	68%	66%	50%
Return on average equity before tax annualized	40%	83%	74%	91%	1%
Return on average equity after tax	30%	62%	58%	71%	1%
Number of managed alternative investment funds	10	10	7	5	4
Assets under management	*6,374	*6,088	*4,143	*3,912	*6,049

Average number of employees	38	40	34	31	27
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* Of which DKK 5.585 million (31/12 2023: DKK 5,361 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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Peter Høltermand

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