

Polaris Flexible Capital I K/S

c/o Polaris Management A/S

Malmøgade 3, 1., 2100 København Ø

CVR no. 42 26 76 27

Annual report 2022

Approved at the limited partnership's annual general meeting on 8 March 2023

.....
Søren Fogh

Contents

Statement by the General partner	2
Independent auditor's report	3
Management's review	5
Details of the limited partnership	5
Financial highlights	6
Operating review	7
Financial statements for the period 1 January – 31 December	9
Income statement	9
Balance	10
Statement of changes in equity	11
Cash flow statement	12
Notes	13
Appendix	
Periodic disclosure for the financial products ref. to in Art. 8 of Regulation (EU) 2019/2088	18

Statement by the General partner

The General Partner has today discussed and approved the annual report of Polaris Flexible Capital I K/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the limited partnership's financial position at 31 December 2022 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the limited partnership's operations and financial matters and the results of the limited partnership's operations and financial position.

Furthermore, the supplementary report, on the limited partnerships compliance with sustainability characteristics, provides a true and fair view in accordance with Sustainable Finance Disclosure Regulation about periodic disclosure.

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

Copenhagen, 7 February 2023
General Partner:
Polaris Flexible Invest I ApS

Peter Høltermand
Chairman

Henrik Bonnerup

Jesper Langmack

Independent auditor's report

To the limited partners and the general partner of Polaris Flexible Capital I K/S

Opinion

We have audited the financial statements of Polaris Flexible Capital I K/S for the financial year 1 January – 31 December 2022, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the limited partnership at 31 December 2022, and of the results of the limited partnership's operations as well as the cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 limited partnership 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 responsibilities 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 Financial Statements 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 limited partnership'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 limited partnership 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 scepticism throughout the audit. We also:

- ▶ 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 limited partnership's internal control.

Independent auditor's report

- ▶ 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ 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 limited partnership'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 inadequate, 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 limited partnership 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 and supplementary report in accordance with Sustainable Finance Disclosure Regulation

Management is responsible for the Management's review and the supplementary report on information in accordance with Sustainable Finance Disclosure Regulation, hereinafter referred to as the "supplementary report".

Our opinion on the financial statements does not cover the Management's review or the supplementary report, 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 the supplementary report and, in doing so, consider whether the Management's review and supplementary report 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 Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review and the supplementary report are in accordance with the financial statements and that the Management's review has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review or the supplementary report.

Copenhagen, 7 February 2023
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Bjørn Würtz Rosendal
State Authorised Public Accountant
mne40039

Management's review

Details of the limited partnership

Name	Polaris Flexible Capital I K/S
Address, zip code, city	c/o Polaris Management A/S Malmøgade 3, 1. 2100 København Ø
Registration no.:	CVR no. 42 26 76 27
Established:	24 March 2021
Registered office:	Copenhagen
Financial year:	1 January – 31 December
Initial closing date:	31 January 2022
Total commitment:	DKK 543,325,000
Term:	10 years
Investment period	4 year (+1 year)
General Partner (Management)	Polaris Flexible Invest I ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 P.O. Box 250 2000 Frederiksberg Denmark
Depository	Private Equity Administrations Depository Services ApS Frederiksborgvej 171 3450 Allerød Denmark

Management's review

Financial highlights

DKK'000	2022	2021
Key figures		
Value adjustment of loans and equity investments in portfolio companies incl. interest	3,180	0
Profit/loss before financial items	-5,614	-76
Profit/loss for the year	-7,610	-76
Equity investments in subsidiaries		
Investments	53,180	0
Total assets	53,200	40
Equity (net asset value)	-2,246	-76
Cash flows		
Cash flows from operating activities	-10,457	0
Cash flows from investing activities	-50,000	0
Cash flows from financing activities	5,440	0
Total cash flows	-55,017	0
Financial ratios		
Equity ratio	Neg.	Neg.
IRR (net) since inception	n/a	n/a
Return on equity (average)	Neg.	Neg.

IRR (net), the internal rate of return, is calculated as the rate of discount, which equates the present value of the cash inflows to the limited partnership (used for investments and costs) with the sum of the present value of the cash outflows distributed to the limited partners as well as current valuation of unrealised investments in portfolio companies (the equity (net asset value) of the limited partnership).

Management's review

Operating review

Principal activities

Polaris Flexible Capital I K/S is a private equity entity which was established in 2021.

Polaris Flexible Capital I K/S 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.

The initial close of Polaris Flexible Capital I K/S took place 31 January 2022 with a total commitment amounting to DKK 445 million. In June 2022, additional commitments have been received increasing the total commitments to DKK 543 million as per 31 December 2022.

A management agreement has been entered into with Polaris Management A/S under which Polaris Management A/S is to be responsible for the administration of and for providing investment advisory services to Polaris Flexible Capital I K/S. The limited partnership has therefore no employees.

Development in financial matters

In 2022, the limited partnership provided a subordinated loan to G&O Maritime Group.

Total investments during 2022 amounted to DKK 50 million (2021: DKK 0 million).

During the year, the limited partnership has called capital from the limited partners in the amount of DKK 5,440 thousand.

Profit/loss for the year

In 2022, Polaris Flexible Capital I K/S recorded a loss of DKK 7,610 thousand which is attributable to management fee incurred in line with expectations for the limited partnership's second year of operation.

Balance sheet and capital structure

Bank overdraft facility was utilized at 31 December 2022 in the amount of DKK 55 million (2021: DKK 0 million).

At 31 December 2022, the limited partners had paid-in a total amount of DKK 5 million (31 December 2021: DKK 0 million) of the total capital commitment of DKK 543 million, corresponding to 1%.

At year-end 2022, total equity amounted to DKK -2,246 thousand (31 December 2021: DKK -76 thousand).

The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership (temporarily financed by the bank overdraft facility).

Risks relating to the measurement of investments

As stated in the accounting policies, investments are measured at fair value, however, during the first year of ownership, measurement is typically cost less any impairment losses.

As the portfolio companies are unlisted companies and the loan receivables are unlisted, the determination of fair value is subject to some uncertainty.

Management believes that the fair value measurement at year-end 2022 is well-founded and based on reasonable and realistic assumptions. Reference is made to note 2 for further information on measurement of investments

Sustainability reporting

Polaris Flexible Capital I K/S is currently considered to fall under EU Sustainable Finance Disclosure Regulation (SFDR) - Article 8. Consequently, the fund has prepared its periodical reporting enclosed these financial statements as an appendix.

Management's review

Operating review

Events after the balance sheet date

No events have occurred after the balance sheet date that may have a significant influence on the assessment of the annual report.

Financial risks

The General Partner has laid down certain guidelines in respect of the types of risk that the limited partnership may be exposed to within the limited partnership agreement. These guidelines include identification, management, controlling and reporting of risks. The guidelines are supported by a number of routines and business procedures. Policies have been formulated for leverage, market risks, liquidity, credit risk, counterparty risk and certain operational risks. Together with the policies, the guidelines and procedures constitute the overall risk policy.

The limited partnership's liquidity must always be sufficient. Liquidity risk arises primarily related to the investment commitments entered into and the ordinary operations of the limited partnership, which both are funded by cash calls to the limited partners. Liquidity risk is generally considered minimal due to the combined financial strength of the limited partner base.

Credit risk on cash deposits with banks, which from time to time may be significant due to the investment activities of the limited partnership, are in general mitigated by only allowing deposits with SIFI Institutions.

Disclosures required by the Alternative Investment Fund Managers Act

Polaris Flexible Capital I K/S is subject to the Alternative Investment Fund Managers Act. The limited partnership has appointed Private Equity Administrators Depositary Services ApS, Denmark, as depositary of the limited partnership.

Apart from the information included in this annual report, the General Partner has not identified any material changes in the information listed in Section 62, 64 or 65 of the Alternative Investment Fund Managers Act during 2021, which are to be disclosed to the limited partners.

The total amount of remuneration for 2022, split into fixed and variable remuneration, paid by the management company, Polaris Management A/S to its staff, senior management and significant risk takers as well as the number of recipients, etc., is disclosed in note 4 to the financial statements included in the 2022 annual report of Polaris Management A/S, to which reference is made (available on the website www.polaris-equity.dk).

It is not possible to meaningfully allocate the total remuneration of significant risk takers between the individual investment funds under management of Polaris Management A/S including Polaris Flexible Capital I K/S.

Financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	24/3–31/12	
		2022	2021
	Investment interest income	3,180	0
	Management fee	-5,440	0
	General partner fee	-552	0
	Broken-deal costs	-8	0
	Set up costs	-2,050	0
	Other external costs	-744	-76
	Profit before financial items	-5,614	-76
	Value adjustment of investment in subsidiaries	-20	0
	Financial expenses	-1,976	0
	Profit/loss for the year	-7,610	-76
Proposed distribution of profit			
	Retained earnings	-7,610	-76

Financial statements for the period 1 January – 31 December

Balance

Note	DKK'000	2022	2021
	ASSETS		
	Non-current assets		
	Investments		
2	Equity investments in subsidiaries	20	40
3	Investments	53,180	0
	Total non-current assets	53,180	40
	TOTAL ASSETS	53,200	40
	EQUITY AND LIABILITIES		
4	Equity		
	Contributed capital	5,440	0
	Retained earnings	-7,686	-76
	Total equity	-2,246	-76
	Liabilities		
	Current liabilities		
	Bank overdraft facility	55,017	0
	Payable to management company	0	40
	Other payables	429	76
	Total liabilities	55,446	116
	TOTAL EQUITY AND LIABILITIES	53,200	40
1	Accounting policies		
5	Related parties		

Financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK'000	Committed and called capital	Retained earnings	Total equity
Balance at 24 March 2021	0	0	0
Profit/loss for the period	0	-76	-76
Balance at 31 December 2021	0	-76	-76
Paid through cash calls during the year	5,440	0	5,440
Profit/loss for the year	0	-7,610	-7,610
Balance at 31 December 2022	5,440	-7,686	-2,246

As per 31 December 2022, the total equity is negative.

The initial close of Polaris Flexible Capital I K/S took place 31 January 2022 with a total commitment amounting to DKK 445 million. A second close took place 16 June 2022 which increased the total commitment to DKK 543 million.

The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership (temporarily financed by the bank overdraft facility).

Financial statements for the period 1 January – 31 December

Cash flow statement

DKK'000	2022	24/3-31/12 2021
Profit before financial income and expense	-5,614	-76
Value adjustment of equity investments in portfolio companies and write-down of non-current receivables from portfolio companies, incl. non-cash interest, net	-3,180	0
Changes in working capital	313	76
Cash flows from primary activities before financial income and expense	-8,481	0
Interest expenses paid	-1,976	0
Cash flows from operating activities	-10,457	0
Investments, loan receivable	-50,000	0
Cash flows from investing activities	-50,000	0
Paid-up contributed capital	5,440	0
Cash flows from financing activities	5,440	0
Cash flows for the year	-55,017	0
Cash and cash equivalents at the beginning of the year	0	0
Reported cash and cash equivalents at year end	-55,017	0
Cash and cash equivalent at year end	-55,017	0
Cash and cash equivalents at year end:		
Bank overdraft facility	-55,017	0
	-55,017	0

Financial statements for the period 1 January – 31 December

Notes

1 Accounting policies

The annual report of Polaris Flexible Capital I K/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In order to give a true and fair view of the investment activities of the limited partnership, the presentation of the income statement has been changed compared to the format required by the Danish Financial Statements Act. Accordingly, value adjustment of investments in portfolio companies is presented as part of the primary activities.

The accounting policies applied in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, the limited partnership has not prepared consolidated financial statements.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates 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

Value adjustment of investments

Realised and unrealised value adjustments of investments are recognised separately in the income statement.

Accumulated unrealised gains on investments are tied up under the Limited Partners capital under Reserve for fair market value adjustments.

Management fee

Management fee comprises Management fee for the period to Polaris Management.

Other administrative expenses

Other administrative expenses include establishment costs, General Partner fee, costs for broken deals etc. Paid by the limited partnership.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on payables and transactions denominated in foreign currencies.

Tax

The limited partnership is considered a transparent entity for tax purposes and not an independent tax entity, and therefore no tax is recognized in the financial statements.

Balance sheet

Investments

Investments comprise junior loans, mezzanine loans, and preferred equity, equity investments and listed credit bonds and are upon initial recognition measured at fair value. Subsequently, investments are recognised at fair value. Value adjustments are recorded in the income statement.

Fair value of junior loans, mezzanine loans, and preferred equity is determined based on an assessment of future cash flows discounted with the required risk-adjusted rate of return based on the counterparty risk profile, investment terms and seniority, specific credit market factors and relevant loan ratios.

Fair value of equity investments in portfolio companies is determined on the basis of any recent transactions with the equity instruments of the company in question or the fair value based on the value in use, determined based on an assessment of future cash flows discounted with the required rate of return (WACC), which is determined based on data from peer companies as well as on a multiple-based valuation method in which the multiple is determined based on data from peer companies. Other inputs to the valuation are determined by the management. The calculated value in use is adjusted for net interest-bearing debt and further adjusted to take into account the values present in the companies in question including intermediary holding companies.

In determining the fair value of the equity investments in portfolio companies, contractual terms and conditions in respect of dividend distribution, etc., are considered.

Dividends from equity investments in portfolio companies are recognised in the income statement at the time of declaration (usually at the time of adoption at the annual general meeting).

Fair value for listed credit bonds is determined based on the publicly available price at the balance sheet date.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. Where cost exceeds the recoverable amount, write-down is made to this lower value. An impairment test is prepared if the dividends received exceed the proportionate share of the profit/loss for the year or if the carrying amount of the equity investments exceeds the proportionate share of the net assets in the underlying entity.

Liabilities

Liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the limited partnership's cash flows from operating, investing, and financing activities for the year, the year's changes in cash and cash equivalents as well as the limited partnership's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as profit/loss for the year adjusted for non-cash operating items and changes in working capital ex. payments in connection with acquisition and disposal of portfolio companies.

Cash flows from investing activities

Cash flows from investing activities comprise cash payments in connection with acquisition and disposal of portfolio companies, etc., incl. loans in this respect.

Cash flows from financing activities

Cash flows from financing activities comprise payment of contributed capital as well as loan drawdowns, repayment of interest-bearing debt, and payments to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank overdraft facility, net.

2 Equity investments in subsidiaries

DKK'000	2022	2021
Cost at 1 January	40	0
Additions	0	40
Cost at 31 December	40	40
Value adjustment at 1 January	0	0
Adjustment for the year	-20	0
Value adjustment at 31 December	-40	0
Carrying amount at 31 December	20	40

Name	Domicile	Interest
Subsidiary PFC I - Debt ApS	København	100 %

3 Investments

DKK'000	2022	2021
Loan receivables	53.180	0
Equity investments	0	0
Total	53.180	0

Loan receivables

DKK'000	2022	2021
Cost at 1 January	0	0
Additions	50.000	0
Cost at 31 December	50.000	0
Interest and value adjustment at 1 January	0	0
Interest during the year	3.180	0
Interest and value adjustment at 31 December	3.180	0
Carrying amount at 31 December	53.180	0

Risks relating to the measurement of investments at fair value

As the loan receivables are unlisted, the determination of fair value is subject to some uncertainty (level 3 in the fair value hierarchy).

The material non-observable inputs and assumptions used in the calculation of fair value of the loan are summarised below on a weighted basis:

	2022	2021
Average discount rate	12%	n/a
Expected shortfall of cashflow	0%	n/a

Financial statements for the period 1 January – 31 December

Notes

4 Equity and capital commitment

DKK'000	Contributed capital			Retained earnings	Distributions	Total equity
	Commitment	Uncalled	Committed and called capital			
Balance at the establishment on 24 March 2021	0	0	0	0	0	0
Profit/loss for the period	0	0	0	-76	0	-76
Balance at 31 December 2021	0	0	0	-76	0	-76
Committed during the year	543,325	-543,325	0	0	0	0
Paid through cash call on 20 October 2022	0	5,440	5,440	0	0	5,440
Profit/loss for the year	0	0	0	-7,610	0	-7,610
Balance at 31 December 2022	543,325	-537,885	5,440	-7,686	0	-2,246

As per 31 December 2022, the total committed capital for the limited partnership is DKK 543,325 thousand split into shares of DKK 0.01 nominal value each.

The limited partners are liable for their share of the uncalled capital commitment.

Restrictions on the sale or transfer of shares in the limited partnership apply as set out in the articles of association.

The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership (temporarily financed by the bank overdraft facility).

	DKK'000
Balance at 31 January 2022 (first close)	444,575
New commitments in 2022	95,750
Balance at 31 December 2022	543,325

Financial statements for the period 1 January – 31 December

Notes

5 Contingencies etc.

The limited partnership has entered into a management agreement with Polaris Management A/S under which Polaris Management A/S is to be responsible for the administration of and for providing investment advisory services to Polaris Flexible Capital I K/S. If this agreement is terminated, the limited partnership may under certain circumstances be under an obligation to pay eighteen months' management fees.

According to the articles of association, the limited partnership is to pay annual fees to the general partner of up to DKK 800 thousand.

6 Related parties

No individual companies or persons exercise control of Polaris Flexible Capital I K/S.

Related parties comprise the limited partners and the general partner of the limited partnership, see page 5, the general partner's management, and the investment committee of the limited partnership.

In addition, the management company Polaris Management A/S, which provides administrative services and investment advisory services to Polaris Flexible Capital I K/S, and its management are considered related parties.

Transactions with related parties

During the year, the limited partnership has paid management fees to the management company as well as fees to the general partner as disclosed in the income statement.

The limited partnership has made investments including in subsidiaries, see note 2 and 3.

Capital transactions with limited partners are listed in note 4.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Polaris Flexible Capital I K/S ("PFC I", "the Fund")
Legal Entity Identifier (LEI): 549300AGQ31XV48FLE75
Period: 1 Jan 2022 – 31 Dec 2022 (the "Period")

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

1. To what extent were the environmental and/or social characteristics promoted by this financial product met?

Polaris Management A/S ("Polaris") is the fund manager of Polaris Polaris Flexible Capital I K/S ("PFC I" or "The Fund") and have committed to promoting a number of environmental & social characteristics as part of the investment strategy of PFC I. These characteristics were met accordingly:

- **Exclusion criteria:** One investment was made in the Period, G&O Maritime, and this investment fulfilled the Funds exclusion criteria that the Fund had committed to. We have therefor met this commitment.
- **Management of adverse sustainability impacts:** Polaris has committed to ensuring prevention, mitigation and management of adverse sustainability impacts as defined by the UN Guiding Principles and OECD Guidelines for Multinational Enterprises by implementation of a management system for responsible business conduct as defined by these frameworks during our ownership. This was implemented at G&O Maritime during 2022 and we therefor met this commitment.
- **Promotion of climate change mitigation:** Polaris has committed to work with our portfolio companies to measure and reduce their greenhouse gas emissions. During 2022, G&O Maritime started their work with this focus area and will measure their CO2e emissions on Scope 1,2 and 3 for 2022 in 2023 as well as structure an action plan to reduce these emissions. This will be completed within 12 months post acquisition and we therefor believe that we are on track to meet this commitment although it has not yet been met.
- **Promotion of gender equality:** Polaris has committed to work with their portfolio companies to improve their gender equality. The gender distribution in the board and management team of our portfolio company G&O Maritime was 0% and did not reach the ambition of at least 40% of each gender. This commitment has therefor not been met.
- **Promotion of improved working environment:** Polaris has committed to work with their portfolio companies to improve the working environment. G&O Maritime work in their ordinary course of business with their working environment and will start to measure employee-initiated turnover and related actions as part of the execution of Polaris Sustainability Program which was initiated in 2022 for completion during 2023. We therefor believe that we are on track to meet this commitment although it has not yet been met.

1.1 How did the sustainability indicators perform?

The analysis of the sustainability indicators is performed for the portfolio companies that were part of the Fund per the end of the Period (31.12.2022).

- **Exclusion criteria:** The Exclusion criteria for Polaris Flexible Capital and the Fund, for new investments are those listed below. We measure the number of investments made in-line with these criteria and target 100%. One new platform investment, G&O Maritime, was made in the Fund during the Period and this investment fulfilled these criteria. The fulfillment is consequently 100% for the Fund. This was the first period when the Fund was active.
 - **No support to unsustainable sectors:** Polaris has committed to not make investments in portfolio companies that are part of, or have an important exposure to, the following sectors: gambling, weapons, tobacco, alcohol, and pornography. We measure
 - **No support to sanctioned countries, persons or entities:** Polaris has committed to not make investments in portfolio companies with an un-acceptable exposure to countries, persons or entities on the UN Sanctions list.
 - **Reasonable risk:** By assessing sustainability-related risks, hereunder principal adverse impacts, in potential investments, we have committed to not invest in companies with an unacceptable risks for adverse sustainability impacts, or with unacceptable actual adverse sustainability impacts.
 - **Sustainability governance:** We have committed to invest in companies with a governance structure which is deemed adequate to manage sustainability and the company's adverse impact.
 - **Sustainability process:** We have committed to invest in companies that have committed to (i) discussion sustainability at least annually in its board of directors and (ii) report annually to The Fund on the status and work related to sustainability.
- **Management of adverse sustainability impacts:** We have committed to work to influence our portfolio companies to implement a management system in-line with UN Guiding Principles and OECD guidelines for Multinational Enterprises and sign-up to the UN Global Compact. We follow-up on the implementation rate among our portfolio companies and target 100% adherence for the portfolio companies acquired more than 12 months earlier. This was achieved by G&O Maritime during 2022 so fulfillment was 100% for the Fund in the Period.

Management of adverse sustainability impacts – Implementation status per 31.12.2022 (end of Period)

Investments in the Fund (acquisition date)	Membership of UN Global Compact	Mgmt system implemented 31.12.2021	Mgmt system implemented 31.12.2022	Comment on implementation
G&O Maritime (Jun '22)	Pending	-	Yes	Process completed in 2022. UN Global Compact membership pending.
Total			100% (1 of 1)	

The data on the indicators related to Polaris' following three focus areas, Climate change, Gender equality and Working environment, are followed up annually at portfolio company level (based on data for the previous year) during the first half of the following year. The Fund is constrained by the reporting scope and timeline of each of their companies. Data for the Period might therefor not be available at the time of the publishing of this report.

- **Promotion of climate change mitigation:** We have committed to promote that our portfolio companies measure their Greenhouse Gas Emissions according to the GHG Protocol and try to reduce their absolute GHG emissions (tonnes of CO2 equivalent) and/or their GHG intensity (tonnes of CO2 equivalent in relation to turnover or other relevant measure of company output).

We have committed to promoting annual reductions and encourage portfolio companies to support the Paris Agreement and set 'science based' CO2 emissions reduction targets as defined by the Science Based Target Initiative. G&O Maritime started the process to measure their CO2e emissions during 2022 and will publish their emissions for 2022 in 2023. Fulfillment was therefor 100%. As they have not set a 'Science Based Target', fulfillment is 0%.

Status of CO2 measurements and target setting per 31.12.2022 (end of Period)							
Investments in the Fund (acquisition date)	Measurement of CO2e – Scope 1/2 & 3*			Science Based Target**			Comments
	2020	2021	2022	31.12.2020	31.12.2021	31.12.2022	
G&O Maritime (Jun '22)	-	-	1/2 & 3	-	-	No	First CO2 measurement will be made for 2022.
Total	-	-	100% (1/1)	-	-	0% (0/1)	

* Measured annually according to the Greenhouse Gas Protocol (GHG). Annual measurements for the year finalized by April 30 the following year and published in Polaris Sustainability Report.

** Science Based Target as defined and approved by the Science Based Target Initiative (SBTI)

As the results of the CO2e measurement for G&O Maritime for 2022 was not available at the time of the publication of this report, we are not able to follow-up on the emissions of the Funds investments or if these have decreased.

Status of CO2 emissions							
Investments in the Fund (acquisition date)	CO2 emissions – Scope 1/ 2 (tCO2e)		CO2 emissions – Scope 3 (tCO2e)		CO emission intensity – Scope 1/2/3 (gCO2e/DKK revenue)		Comments
	2020	2021	2020	2021	2020	2021	
G&O Maritime (Jun '22)	-	-	-	-	-	-	CO2 measurement will be performed for 2022 and finalized in 2023.
The Fund	-	-	-	-	-	-	

- Promotion of gender equality: We have committed to encourage our portfolio companies to measure the gender distribution at the board of director level and management team level and target a distribution of at least 40% of each gender. The reporting of gender distribution is based on year-end data for the Period calculated in the beginning of the following year. Our analysis is therefor based on the previous year, 2021. The gender distribution at board level and management team level of 0% did not fulfill our ambition of 40% for the Fund.

Status on Gender Distribution					
Investments in the Fund (acquisition date)	Gender distribution - Board of directors		Gender distribution - Management		Comments
	2020	2021	2020	2021	
G&O Maritime (Jun '22)	-	0%	-	0%	
The Fund	-	0%	-	0%	

- Promotion of improved working environment: We have committed to work to encourage our portfolio companies to measure employee initiated employee turnover and to target an annual reduction or a stable development at a low level as suitable for each individual portfolio company.

No data was available for this indicator for this or previous periods. We are therefore not able to follow-up on this indicator for the Fund. G&O Maritime started to implement Polaris Sustainability Program in 2022 which will include the measurement of employee-initiated employee turnover and identify related actions. This work will be completed during 2023.

Status on Working Environment			
Investments in the Fund (acquisition date)	Employee-initiated employee turnover		Comments
	2020	2021	
G&O Maritime (Sep '21)	-	-	Not yet measured. To be measured in 2023 for 2022.
The Fund	-	-	

1.2 ...and compared to previous periods?

Please see above review of performance for comments on previous periods.

1.3 What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

1.4 How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

2. How did this financial product consider principal adverse impacts on sustainability factors?

Polaris has committed to consider principal adverse impacts on sustainability factors ("PAIs") in the management of the Fund throughout the investment process from acquisition, portfolio management and exit. This was done by considering and addressing the portfolio companies greenhouse gas emission and social and employee matters.

3. What were the top investments of this financial product?

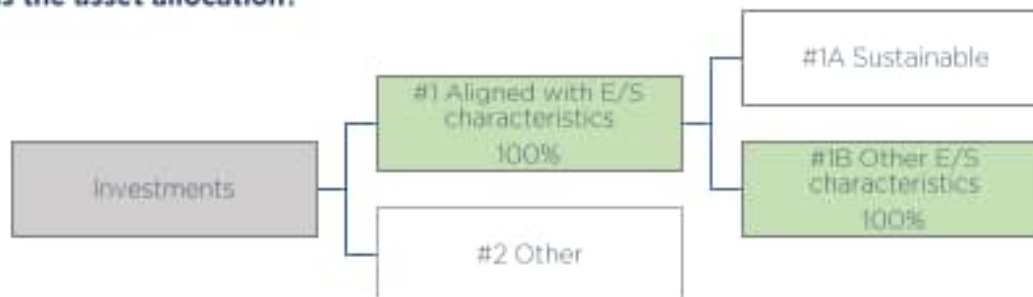
One new platform investment, G&O Maritime, was made by the Fund in the Period. As of the 31st of December 2022, the Fund had the following investments.

Investments in the Fund	Date of acquisition	Sector	% Assets*	Country
G&O Maritime	June 2022	Industrial goods	100%	Denmark
Total			100%	

* % of Assets defined as % share of Cost of remaining investments per 31.12.2022.

4. What was the proportion of sustainability-related investments?

What was the asset allocation?



All investments (100%) made by the Fund in the Period, and prior to the Period, fall under category “#1B Other E/S characteristics” as the Fund does not make sustainable investments.

In which economic sectors were the investments made

The Fund has investments in the sectors listed in section 3.

Notes:

- #1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product. The category covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives (as defined by the EU Taxonomy and SFDR Art. 2(17))
 - The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments (as defined by the EU Taxonomy and SFDR Art. 2(17)).
- #2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

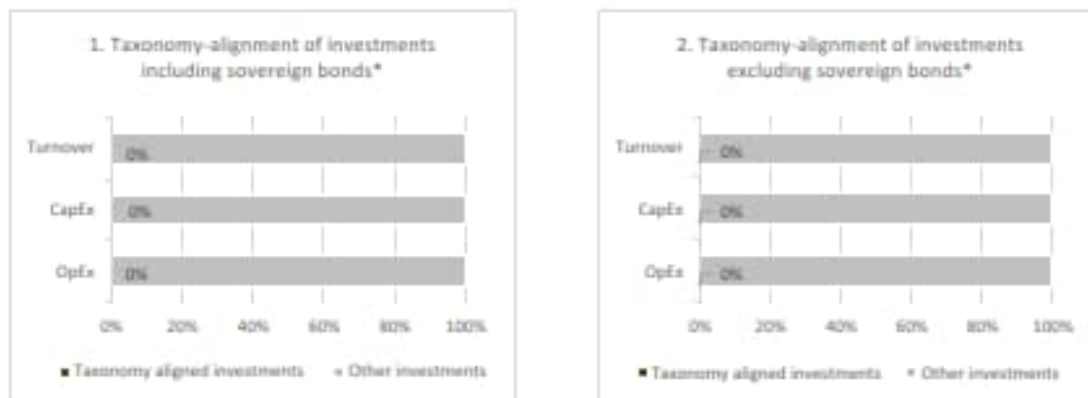
4.1 To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17) and the investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy. The Fund invests in medium sized companies in the Nordic region and Europe that are most often not required to report according to the EU Taxonomy¹ and are often also not in eligible sectors. We are therefor not able to base our investment strategy on the EU Taxonomy. We will however, wherever possible and relevant, use the EU Taxonomy as a reference in the work with our portfolio companies.

The portfolio companies of the Fund who report EU Taxonomy eligibility and alignment do so in their annual reports, which for the Period 2022 will be published after this report was completed. We therefor only have EU Taxonomy data for the period ending 31.12.2021 where relevant companies only had to report on their EU Taxonomy eligibility. For this period, the status of EU Taxonomy reporting for the portfolio companies in the Fund (per 31.12.2022) was the following:

Investments in the Fund (acquisition date)	Sector	Required to report according to the EU Taxonomy per 31.12.2021	EU Taxonomy Eligibility reported for 2021 (Turnover/Opex/Capex)	Comments
G&O Maritime (Jun '22)	Industrial goods	No	Not applicable	Not a PIE company
Total				

The EU Taxonomy-alignment for the Fund for the latest available period ending 31.12.2021 was consequently the following:



4.2 What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17). The investments made by the Fund had environmental characteristics that were not aligned with the EU Taxonomy.

¹ Companies that are defined as Public Interest Entities (PIE) are obligated to report on their EU Taxonomy eligibility for the year 2021 in 2022 and consequently on alignment.

4.3 What was the share of socially sustainable investments?

Not applicable as the Fund does not make sustainable investments as defined by the EU taxonomy and SFDR Art. 2(17).

4.4 What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Not applicable as no investments were made in the category "Other" by the Fund.

5. What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Polaris funds PPE V in the private equity strategy is the majority owner of G&O Maritime and Polaris is therefor represented on the board of G&O Maritime. As the sustainability strategy and environmental & social characteristics of PPE V are aligned with PFC I, Polaris is able to influence the work with sustainability at G&O Maritime towards achieving these directly. As a consequence, G&O Maritime started to complete Polaris Sustainability Program already during 2022 which included preparing to measure their CO2e emissions, gender distribution and employee-initiated turnover for the full year 2022 and address the related focus areas.

6. How did this financial product perform compared to the reference benchmark?

Not applicable as we have not designated a specific index as a reference benchmark for this product.

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

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

Henrik Bonnerup

Bestyrelse, Polaris Flexible Invest I ApS

På vegne af: Polaris Flexible Capital I K/S

Serienummer: 035d243e-52f6-4034-916e-9028107efac0

IP: 188.120.xxx.xxx

2023-02-09 08:47:38 UTC



Jesper Langmack

Bestyrelse, Polaris Flexible Invest I ApS

På vegne af: Polaris Flexible Capital I K/S

Serienummer: fc57714a-39c7-46ad-bdbd-efb0fa11655c

IP: 188.120.xxx.xxx

2023-02-09 10:33:44 UTC



Peter Høltermand

Bestyrelse, Polaris Flexible Invest I ApS

På vegne af: Polaris Flexible Capital I K/S

Serienummer: 86368728-4979-4640-bb3b-56844686032e

IP: 77.241.xxx.xxx

2023-02-09 19:07:12 UTC



Bjørn Würtz Rosendal

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: PID:9208-2002-2-675336025815

IP: 62.243.xxx.xxx

2023-02-09 19:22:10 UTC



Jens Thordahl Noehr

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1268040410146

IP: 91.220.xxx.xxx

2023-02-09 20:10:34 UTC



Søren Fogh

Dirigent

På vegne af: Polaris Flexible Capital I K/S

Serienummer: 04da236a-7dc9-4efd-87a2-94858ba5875d

IP: 185.58.xxx.xxx

2023-03-08 11:19:37 UTC



Penneo dokumentnøgle: QJSET-00N87-DPD03-NXFIW-EVFFH-70M7L

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser i ndlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validator>