



## 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 2021

(the period 24 March – 31 December 2021)

Approved at the limited partnership's annual general meeting on 30 March 2022

Chair:

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*Søren Fogh*

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## **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 24 March – 31 December 2021.

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 2021 and of the results of the limited partnership's operations and cash flows for the financial year 24 March – 31 December 2021.

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.

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

Copenhagen, 30 March 2022

General Partner:

Polaris Flexible Invest I ApS

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Peter Høltermand  
Chairman

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Henrik Bonnerup

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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 24 March – 31 December 2021, 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 2021, and of the results of the limited partnership's operations as well as the cash flows for the financial year 24 March – 31 December 2021 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 in-adequate, 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

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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, in doing so, consider whether the Management's review 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 is in accordance with the financial statements and 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.

Copenhagen, 30 March 2022  
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:	24 March – 31 December
General Partner	Polaris Flexible Invest I ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 P.O. Box 250 2000 Frederiksberg Denmark

## 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.

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

Polaris Flexible Capital I K/S was established on 24 March 2021. This annual report covers the limited partnership's first financial year for the period 24 March 2021 – 31 December 2021.

During the year, the limited partnership has not called capital from the limited partners since no initial closing has taken place.

#### Profit/loss for the year

In 2021, Polaris Flexible Capital I K/S recorded a loss of DKK 76 thousand which is in line with expectations for the limited partnership's first year of operation, pending its first closing.

#### Balance sheet and capital structure

At 31 December 2021, the limited partners had paid-in a total amount of DKK 0 of the total capital commitment of DKK 1, corresponding to 0%.

At year-end 2021, total equity amounted to DKK -76 thousand.

#### Events after the balance sheet date

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 connection with the initial closing, the limited partnership is required to pay management fee and setup costs to Polaris Management A/S. The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership.

No other 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.

## Management's review

### Operating review

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 2021, 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 2021 annual report of Polaris Management A/S, to which reference is made (available on the website [www.polarisequity.dk](http://www.polarisequity.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.

### Outlook

The future results of the limited partnership depend, in all material respects, on the development in the value of the partnership's equity investments in portfolio companies.

After the initial closing in 2022, the limited partnership expects to execute investments in portfolio companies the coming years.

**Financial statements for the period 24 March – 31 December**

**Income statement**

Note	DKK'000	24/3 – 31/12 2021
	Other external costs	-76
	<b>Profit/loss for the year</b>	<b>-76</b>

**Proposed distribution of profit/loss**

Retained earnings	-76
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**Financial statements for the period 24 March – 31 December**

**Balance**

Note	DKK'000	2021
	<b>ASSETS</b>	
	<b>Non-current assets</b>	
	<b>Investments</b>	
2	Equity investments in subsidiaries	40
	<b>Total non-current assets</b>	40
	<b>TOTAL ASSETS</b>	40
		<hr/>
	<b>EQUITY AND LIABILITIES</b>	
3	<b>Equity</b>	
	Contributed capital	0
	Retained earnings	-76
	<b>Total equity</b>	-76
	<b>Liabilities</b>	
	<b>Current liabilities</b>	
	Payable to management company	40
	Other payables	76
	<b>Total liabilities</b>	116
	<b>TOTAL EQUITY AND LIABILITIES</b>	40
		<hr/>
1	<b>Accounting policies</b>	
4	<b>Related parties</b>	

## Financial statements for the period 24 March – 31 December

### Statement of changes in equity

DKK'000	Committed and called capital	Retained earnings	Total equity
<b>Balance at 23 March 2021</b>	0	0	0
Profit for the year	0	-76	-76
<b>Balance at 31 December 2021</b>	0	-76	-76

As at 31 December 2021, 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. In connection with the initial closing, the limited partnership is required to pay management fee and setup costs to Polaris Management A/S. The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership.

## Financial statements for the period 24 March – 31 December

### Notes

#### 1 Accounting policies

The annual report of Polaris Flexible Capital I K/S for 2021 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.

#### 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

#### Other external costs

Other external costs include establishment costs, general partner fee, etc.

#### Tax

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

#### Balance sheet

#### 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

Other liabilities are measured at net realisable value.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash.

**Financial statements for the period 24 March – 31 December**

**Notes**

**2 Equity investments in subsidiaries**

DKK'000	<b>2021</b>
Cost at 24 March 2021	0
Additions	40
Cost at 31 December 2021	40
Value adjustment at 24 March 2021	0
Value adjustment at 31 December 2021	0
<b>Carrying amount at 31 December 2021</b>	<b>40</b>

Name	Domicile	Interest
<b>Subsidiary</b> PFC I Dept ApS	København	100 %

## Financial statements for the period 24 March – 31 December

### Notes

#### 3 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 for the year	0	0	0	-76	0	-76
<b>Balance on 31 December 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-76</b>	<b>0</b>	<b>-76</b>

As per 31 December 2021, the committed, uncalled capital for the limited partnership is DKK 1 split to 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 initial close of Polaris Flexible Capital I K/S took place 31 January 2022 with a total commitment amounting to DKK 445 million. In connection with the initial closing, the limited partnership is required to pay management fee and setup costs to Polaris Management A/S. The limited partnership will call capital from the limited partners as and when needed for investments and operating expenses of the limited partnership.

## **Financial statements for the period 24 March – 31 December**

### **Notes**

#### **4 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.

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## Henrik Bonnerup

### Client Signer

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IP: 188.120.xxx.xxx

2022-03-30 11:18:11 UTC

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## Søren Fogh

### Client Signer

På vegne af: Polaris Flexible Capital I K/S

Serienummer: PID:9208-2002-2-098272989337

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## Peter Høltermand

### Client Signer

På vegne af: Polaris Flexible Capital I K/S

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## Jesper Langmack

### Client Signer

På vegne af: Polaris Flexible Capital I K/S

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## Bjørn Würtz Rosendal

### EY Signer

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: PID:9208-2002-2-675336025815

IP: 62.243.xxx.xxx

2022-04-02 11:06:34 UTC

NEM ID 

## Jens Thordahl Noehr

### EY Signer

På vegne af: EY Godkendt Revisionspartnerselskab

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