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Entity details

Entity

Polaris CS Fund I K/S

Malmøgade 3, 1.

2100 Copenhagen

Business Registration No.: 43063707

Date of foundation: 16.02.2022

Registered office: Copenhagen

Financial year: 01.01.2025- 31.12.2025

Polaris CS Fund I GP ApS, General Partner

Executive Board

Jan Johan Kühl

Henrik Bonnerup

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Polaris CS Fund I K/S for the financial year 01.01.2025 - 31.12.2025.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2025 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2025 - 31.12.2025.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Furthermore, the supplementary report has been prepared in accordance with the Sustainable Finance Disclosure Regulation (SFDR) and contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 27.02.2026

On behalf of Polaris CS I GP APS

Jan Johan Kühl

Henrik Bonnerup

Independent auditor's report

To the shareholders of Polaris CS Fund I K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Polaris CS Fund I K/S for the financial year 01.01.2025 - 31.12.2025, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2025 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2025 - 31.12.2025 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Fund's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 the 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 these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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.
- 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 Group's and the Fund's 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 consolidated financial statements and the parent 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 Group's and the Fund'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely

responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary, as well as for the supplementary report on disclosures in accordance with the Sustainable Finance Disclosure Regulation (SFDR), hereinafter referred to as the "supplementary report".

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary or the supplementary report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and the supplementary report and, in doing so, consider whether the management commentary and the supplementary report are materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary and the supplementary report provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary and the supplementary report is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary and supplementary report.

Copenhagen, 27.02.2026

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Rasmus Grynderup Kiær Steffensen
State Authorised Public Accountant
Identification No (MNE) mne44143

Management commentary

Financial highlights

	2025 DKK'000	2024 DKK'000
Key figures		
Gross profit/loss	(11,840)	(38,765)
Operating profit/loss	(11,840)	(38,765)
Net financials	(259,823)	23,941
Profit/loss for the year	(271,669)	(14,825)
Balance sheet total	1,451,115	1,839,264
Equity	1,352,502	1,619,030
Cash flows from operating activities	43,047	36,967
Cash flows from investing activities	78,188	(647,196)
Cash flows from financing activities	(116,775)	606,862
Ratios		
Return on equity (%)	(18.28)	N/A
Equity ratio (%)	93.20	88.03

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit / loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The purpose of the Fund is to generate returns on the limited partner's contributed capital by making investments and by carrying out activities related thereto.

Polaris CS Fund I K/S invests in unlisted assets i.e. infrastructure, private equity and illiquid credit. The companies are based in the Nordic countries, primarily Denmark and Sweden.

On 30.06.2022, the Fund held its first and final closing totaling a capital commitment of DKK 5bn. As of 24.03.2025, part of the commitment was cancelled, from which date the total capital commitment is DKK 2.2bn.

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 CS Fund I K/S. The Fund has therefore no employees.

Sustainability reporting

Polaris CS Fund 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.

Development in activities and finances

Total investment during 2025 amounted to DKK 1.4bn (2024: DKK 1.8bn).

During the year, the Fund has called capital from the limited partners in the amount of DKK 5m (2024: DKK 669m).

Profit for the year

In 2025, the Group recorded a loss of DKK (272)m (2024: DKK (15)m), which is attributable to the increasing value adjustment on the investments made, both in equity investments and debt investments.

Balance sheet and capital structure

Credit facilities totaling DKK 98m had been utilized as at 31.12.2025 (31.12.2024: DKK 220m). At year-end 2025, total equity amounted to DKK 1.4bn (31.12.2024: DKK 1.6bn).

Profit/loss for the year in relation to expected developments

The loss during the year of DKK (272)m was largely driven by write downs of investments. Management are unable at this stage to determine the durability of these write downs.

Uncertainty relating to recognition and measurement

As stated in the accounting policies, fixed asset investments are measured at cost, and are written down to the lower of the recoverable amount and carrying amount.

As the portfolio companies are unlisted companies, the determination of the recoverable amount is subject to some uncertainty.

Management believes that the measurement at year-end 2025 is well-founded and based on reasonable and realistic assumptions.

Outlook

As the Fund is in the realisation phase the focus will remain on active portfolio management, potential add-on investments and the orderly divestment of assets. The Manager does not provide guidance on the timing or financial outcome of future exits.

Use of financial instruments

The General Partner has laid down certain guidelines in respect of the types of risk that the Fund 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 Fund's liquidity must always be sufficient. Liquidity risk arises primarily related to the investment commitments entered into and the ordinary operations of the Fund, 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.

Commitments from limited partners are denominated in DKK and equity investments into portfolio companies are primarily settled in DKK or EUR as per the investment policy. Management fees are denominated and settled in DKK. Currency risks between DKK and EUR (and other non-DKK currencies) are generally hedged when material cash flows in non-DKK currencies are contractually fixed (amount and timing), primarily related to new investments and divestments. The Fund does not hedge currency exposure related to non-DKK investments during the holding period. At 31.12.2025, approx. 20 % (31.12.2024: 26 %) of the investments were related to non-DKK investments.

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

Events after the balance sheet date

After the balance sheet date the Group has entered in to an agreement to acquire additional shares in associated companies.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2025

	Notes	2025 DKK'000	2024 DKK'000
Other external expenses		(11,840)	(38,765)
Gross profit/loss		(11,840)	(38,765)
Other financial income		138,148	121,085
Impairment losses on financial assets		(389,185)	(77,234)
Other financial expenses		(8,786)	(19,910)
Profit/loss before tax		(271,663)	(14,824)
Tax on profit/loss for the year		(6)	(1)
Profit/loss for the year	1	(271,669)	(14,825)

Consolidated balance sheet at 31.12.2025

Assets

	Notes	2025 DKK'000	2024 DKK'000
Investments in associates		359,327	532,386
Receivables from associates		66,475	59,013
Other receivables		862,682	1,237,362
Financial assets	2	1,288,484	1,828,761
Fixed assets		1,288,484	1,828,761
Other receivables		156,347	6,465
Tax receivable		0	8
Prepayments	3	0	2,206
Receivables		156,347	8,679
Cash		6,284	1,824
Current assets		162,631	10,503
Assets		1,451,115	1,839,264

Equity and liabilities

	Notes	2025 DKK'000	2024 DKK'000
Contributed capital		1,808,025	1,802,884
Retained earnings		(455,523)	(183,854)
Equity		1,352,502	1,619,030
Bank loans		98,050	219,966
Trade payables		0	231
Tax payable		6	9
Other payables		557	28
Current liabilities other than provisions		98,613	220,234
Liabilities other than provisions		98,613	220,234
Equity and liabilities		1,451,115	1,839,264
Employees	4		
Contingent assets	5		
Contingent liabilities	6		
Assets charged and collateral	7		
Non-arm's length related party transactions	8		
Group relations	9		
Subsidiaries	10		

Consolidated statement of changes in equity for 2025

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,802,884	(183,854)	1,619,030
Increase of capital	5,141	0	5,141
Profit/loss for the year	0	(271,669)	(271,669)
Equity end of year	1,808,025	(455,523)	1,352,502

The limited partners have committed themselves to contributing up to DKK 2.2bn. At 31.12.2025 the limited partners had paid-in a total amount of DKK 1.8bn leaving the remaining commitment balance DKK 0.4bn.

Consolidated cash flow statement for 2025

	Notes	2025 DKK'000	2024 DKK'000
Operating profit/loss		(11,840)	(38,765)
Working capital changes		2,334	(2,547)
Cash flow from ordinary operating activities		(9,506)	(41,312)
Financial income received		61,337	98,189
Financial expenses paid		(8,784)	(19,910)
Cash flows from operating activities		43,047	36,967
Acquisition of fixed asset investments		(22,112)	(647,196)
Sale of fixed asset investments		2,000	0
Repayments on other receivables		98,300	0
Cash flows from investing activities		78,188	(647,196)
Free cash flows generated from operations and investments before financing		121,235	(610,229)

Contributions from limited partners	5,141	668,626
Distributions to limited partners	0	(36,686)
Repayment of bank loans	(121,916)	(25,078)
Cash flows from financing activities	(116,775)	606,862
<hr/>		
Increase/decrease in cash and cash equivalents	4,460	(3,367)
Cash and cash equivalents beginning of year	1,824	5,191
Cash and cash equivalents end of year	6,284	1,824
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Cash and cash equivalents at year-end are composed of:		
Cash	6,284	1,824
Cash and cash equivalents end of year	6,284	1,824
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Notes to consolidated financial statements

1 Proposed distribution of profit/loss

	2025 DKK'000	2024 DKK'000
Retained earnings	(271,669)	(14,825)
	(271,669)	(14,825)

2 Financial assets

	Investments in associates DKK'000	Receivables from associates DKK'000	Other receivables DKK'000
Cost beginning of year	737,634	55,000	1,222,475
Transfers	0	0	(142,800)
Additions	22,112	0	0
Disposals	(2,000)	0	(98,300)
Cost end of year	757,746	55,000	981,375
Revaluations beginning of year	0	4,013	14,887

Revaluations for the year	0	7,462	63,695
Revaluations end of year	0	11,475	78,582
Impairment losses beginning of year	(205,248)	0	0
Impairment losses for the year	(193,171)	0	(197,275)
Impairment losses end of year	(398,419)	0	(197,275)
Carrying amount end of year	359,327	66,475	862,682

Financial assets comprise investment in associates, receivables from associates and other receivables measured at amortised cost. Revaluations include interest and amortisation of those loans.

Associates	Registered in	Ownership %
Scanmetals A/S	Slagelse	33.30
Hoyer VMS Group A/S	Hadsten	47.52

3 Prepayments

Prepayments comprise incurred costs relating to operations.

4 Employees

The Group has no employees other than the Executive Board.

Management has not received remunerations.

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:

- Promoting of sound and effective risk management, which does not encourage excessive risk-taking.
- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for Polaris Management A/S, Business Reg. No. 28 50 17 65.

No carried interest was paid out by the Fund during the financial period.

	2025	2024
Average number of full-time employees	0	0

5 Contingent assets

The Group has raised a claim on insurance coverage towards its insurance company in relation to investment in an associated company. It is Management assessment, that the Entity will succeed in the claim, but the litigations is too early stage to reliably determine an expected timing and amount.

6 Contingent liabilities

The Group 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 CS Fund I K/S and subsidiaries. If this agreement is terminated, the Fund may under certain circumstances be under an obligation to pay eighteen months' management fees.

According to the articles of association, the Group is to pay annual fees to the general partner of up to DKK 6t.

The Group has entered into an agreement to purchase additional shares for an amount of DKK 57m in an associated company, which at 31.12.2025 is contingent of a potential transaction.

7 Assets charged and collateral

The Group's shares in an associated investments has been placed as collateral for the associated investment's bank loan of DKK 475m. The booked value of the associated investment comprise DKK 207m at 31.12.2025.

A receivable of DKK 646m has been placed as collateral for bank loans of the amount DKK 76m.

8 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

9 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Polaris CS Fund I K/S, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Polaris CS Fund I K/S

10 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK'000	Profit/loss DKK'000
CSF-I 1 SPV P/S	Copenhagen	P/S	100.00	205,022	(187,992)
CSF-I 1 GP ApS	Copenhagen	ApS	100.00	127	40
CSF-I 2 SPV K/S	Copenhagen	K/S	100.00	421,239	55,918
CSF-I 2 GP ApS	Copenhagen	ApS	100.00	53	(16)
CSF-I 3 SPV K/S	Copenhagen	K/S	100.00	154,966	(144,624)
CSF-I 3 GP ApS	Copenhagen	ApS	100.00	25	40
CSF-I 4 ApS (under voluntary liquidation)	Copenhagen	ApS	100.00	43	(70)
CSF-I 5 ApS	Copenhagen	ApS	100.00	147,041	(39)

Parent income statement for 2025

	Notes	2025 DKK'000	2024 DKK'000
Other external expenses		(11,410)	(35,781)
Gross profit/loss		(11,410)	(35,781)
Other financial income from group enterprises		17,440	19,043
Other financial income		55	187
Impairment losses on financial assets		(315,304)	(78,366)
Other financial expenses		(947)	(5,131)
Profit/loss for the year	1	(310,166)	(100,048)

Parent balance sheet at 31.12.2025

Assets

	Notes	2025 DKK'000	2024 DKK'000
Investments in group enterprises		776,902	1,070,033
Receivables from group enterprises		78,115	68,241
Financial assets	2	855,017	1,138,274
Fixed assets		855,017	1,138,274
Receivables from group enterprises		362,490	364,204
Other receivables		161	2,193
Receivables		362,651	366,397

Cash	5,826	1,412
Current assets	368,477	367,809
Assets	1,223,494	1,506,083

Equity and liabilities

	Notes	2025 DKK'000	2024 DKK'000
Contributed capital		1,808,025	1,802,884
Retained earnings		(607,139)	(296,973)
Equity		1,200,886	1,505,911
Bank loans		22,050	0
Other payables		558	172
Current liabilities other than provisions		22,608	172
Liabilities other than provisions		22,608	172
Equity and liabilities		1,223,494	1,506,083

Employees
Contingent liabilities

3
4

Parent statement of changes in equity for 2025

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,802,884	(296,973)	1,505,911
Increase of capital	5,141	0	5,141
Profit/loss for the year	0	(310,166)	(310,166)
Equity end of year	1,808,025	(607,139)	1,200,886

The limited partners have committed themselves to contributing up to DKK 2.2bn. At 31.12.2025 the limited partners had paid-in a total amount of DKK 1.8bn leaving the remaining commitment balance DKK 0.4bn.

Notes to parent financial statements

1 Proposed distribution of profit and loss

	2025 DKK'000	2024 DKK'000
Retained earnings	(310,166)	(100,048)
	(310,166)	(100,048)

2 Financial assets

Investments in group enterprises	Receivables from group enterprises
--	--

	DKK'000	DKK'000
Cost beginning of year	1,282,759	67,932
Additions	22,092	6,479
Cost end of year	1,304,851	74,411
Revaluations beginning of year	0	309
Revaluations for the year	0	3,395
Revaluations end of year	0	3,704
Impairment losses beginning of year	(212,726)	0
Impairment losses for the year	(315,223)	0
Impairment losses end of year	(527,949)	0
Carrying amount end of year	776,902	78,115

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

3 Employees

The Entity has no employees other than the Executive Board.

Management has not received remunerations.

According to Article 107 of the AIFMD Level 2 Regulation and paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed.

The Fund must also disclose the information necessary to provide an understanding of the risk profile of the Fund and the measures that the Fund Manager takes to avoid or manage conflicts of interest between the Fund Manager and the Limited Partners. The Board of Directors of the Fund Manager has adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds, etc.

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:

- Promoting of sound and effective risk management, which does not encourage excessive risk-taking.

- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for Polaris Management A/S, Business Reg. No. 28 50 17 65.

No carried interest was paid out by the Fund during the financial period.

	2025	2024
Average number of full-time employees	0	0

4 Contingent liabilities

The Fund 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 CS Fund I K/S. If this agreement is terminated, the Fund may under certain circumstances be under an obligation to pay eighteen months' management fees.

According to the articles of association, the Fund is to pay annual fees to the general partner of up to DKK 6t.

Accounting policies

Basis for financial statements

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Fund, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Fund, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Control

The consolidated financial statements comprise the Parent Company, Polaris CS Fund I K/S and group entities controlled by Polaris CS Fund I K/S .

Control means the power to exercise decisive influence over a Group entity's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent company controls an entity, de facto control is also taken into consideration. The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date,

with net assets having been calculated at fair value.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including establishment costs, General Partner fee, costs for broken deals, management fee etc. paid by the Fund.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income

Other financial income comprises interest income related to investments receivables including interest and amortization relating to the financial year as well as other interest income and net exchange rate adjustments on transactions in foreign currencies.

Impairment losses on financial assets

Impairment losses on financial assets comprises impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, bank fees and net exchange rate adjustments on transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

Receivables comprise both financial assets and current assets.

The Fund has chosen IAS 39 as the interpretative framework for recognition and measurement of financial receivables.

Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by write-downs to cover expected losses. Write-downs for losses are determined based on an individual assessment of each receivable.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

The Fund has chosen IAS 39 as the interpretative framework for recognition and measurement of financial liabilities.

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows consolidated cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition of fixed asset investments and sale of fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and loan draw downs and repayments of interest-bearing debt.

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

No cash flow statement has been prepared for the Parent as its cash flows are included in the consolidated cash flow statement, refer to section 86(4) of the Danish Financial Statements Act.

Supplementary reports

#Indsæt beskrivelse.

