# PFC I - Debt ApS

c/o Polaris Management A/S

Malmøgade 3, 2100 København Ø

CVR no. 42 94 64 19

## Annual report 2024

Approved at the Company's annual general meeting on 6 March 2025

.....

*Søren Fogh*

Penneo document key: 33O8T-57KPM-DSHG4-5IWYV-3CYJ2-N7PQG

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## Statement by the Management

The Executive Board have today discussed and approved the annual report of PFC I - Debt ApS for the financial year 1 January 2024 – 31 December 2024.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of its operations for the financial year 1 January 2024 – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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 on perodic disclousure.

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

Copenhagen, 11 February 2025
Executive board

| Peter Høltermand | Henrik Bonnerup | Jesper Langmack |
|---|---|---|

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# Independent auditor's report

## To the shareholder of PFC I - Debt ApS

### Opinion

We have audited the financial statements of PFC I - Debt ApS for the financial year 1 January – 31 December 2024, 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 Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January – 31 December 2024 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 Company 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 Company'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 Company 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:

- 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.
- 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 Company's internal control.

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## Independent auditor's report

- 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 Company'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 Company 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 and 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 the supplementary report are 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, 11 February 2025
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Steffen Astrup
State Authorised Public Accountant
mne49115

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# Management's review

## Details of the Company

| | |
|---|---|
| Name | PFC I - Debt ApS |
| Adress, zip code, city | c/o Polaris Management A/S<br>Malmøgade 3<br>2100 København Ø |
| Registration no.: | CVR no. 42 94 64 19 |
| Established: | 30 November 2021 |
| Registered office: | Copenhagen |
| Financial year: | 1 January – 31 December |
| Executive Board | Peter Høltermand<br>Henrik Bonnerup<br>Jesper Langmack |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36<br>P.O. Box 250<br>2000 Frederiksberg<br>Denmark |
| Depositar | Apex (Denmark) ApS<br>Hørmarken 2<br>3520 Farum<br>Denmark |

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# Management's review

## Operating review

### Principal activities

PFC I - Debt ApS, established 30 November 2021, is wholly owned by Polaris Flexible Capital I K/S with the object of participating in business related lending activities.

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.

On 31 December 2024, Polaris Flexible Capital I K/S had capital commitments totalling DKK 917 million after the completion of the final close in June 2023.

Debt investments in the Polaris Flexible Capital I structure are entered into by PFC I – Debt ApS, while other Polaris Flexible Capital I investments will be entered into by Polaris Flexible Capital I K/S.

### Development in financial matters

#### *Profit for the year*

In 2024, PFC I - Debt ApS recorded a profit of DKK 1,800 thousand (2023: loss of DKK -40 thousand), which is in line with expectations and due to interest income from two new debt investments.

#### *Balance sheet and capital structure*

During 2024, PFC I – Debt ApS has entered into two debt investments. Total investments during 2024 amounts to DKK 178,497 thousand.

At year-end 2024, total equity (net asset value) amounted to DKK 19,977 thousand (2023: DKK 176 thousand). During 2024, the company has received capital injections amounting to DKK 18,001 thousand.

Furthermore, PFC I – Debt ApS has financed the debt investments by intercompany loans from Polaris Flexible Capital I K/S amounting to DKK 175,244 thousand as per 31 December 2024.

### Sustainability reporting

PFC I – Debt ApS is currently considered to fall under EU Sustainable Finance Disclosure Regulation (SFDR) - Article 8. Consequently, the fund has prepared it's periodical reporting enclosed in these financial statements as an appendix.

### Subsequent events

No subsequent events that have a significant effect on the annual report have occurred after the balance sheet date.

### Disclosures required by the Alternative Investment Fund Managers Act

PFC I – Debt ApS is subject to the Alternative Investment Fund Managers Act. The limited partnership has appointed Apex (Denmark) 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 2024, which are to be disclosed to the limited partners.

The total amount of remuneration for 2024, 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 2024 annual report of Polaris Management A/S, to which reference is made (available on the website www.polaris-equity.dk).

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# Management's review

## Operating review

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 PFC I – Debt ApS.

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# Financial statements 1 January – 31 December

## Income statement

| Note | DKK'000 | 2024 | 2023 |
|---|---|---|---|
| 2 | Investment income | 17,827 | 0 |
| | Other external costs | -140 | -38 |
| | **Profit before financial items** | 17,687 | -38 |
| 3 | Financial expenses | -15,915 | 0 |
| | Financial income | 28 | 0 |
| | **Profit before tax** | 1,800 | -38 |
| | Tax for the period | 0 | -6 |
| | **Profit/loss for the period** | 1,800 | -44 |

## Profit allocation

| | | |
|---|---|---|
| Profit/loss for the period | 1,800 | -44 |

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# Financial statements 1 January – 31 December

## Balance

| Note | DKK'000 | 2024 | 2023 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Non-current assets** | | |
| | **Investments** | | |
| 2 | Investments, receivables | 196,110 | 0 |
| | **Total non-current assets** | 196,110 | 0 |
| | **Current assets** | | |
| | Receivables from group entities | 21 | 0 |
| | | 21 | 0 |
| | **Cash at bank and in hand** | 41 | 201 |
| | **Total current assets** | 62 | 201 |
| | **TOTAL ASSETS** | 196,172 | 201 |
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 4 | Share capital | 221 | 41 |
| | Retained earnings | 19,756 | 135 |
| | **Total equity** | 19,977 | 176 |
| 5 | **Non-current liabilities** | | |
| | Payable to group entities | 175,244 | 0 |
| | **Total non-current liabilities** | 175,244 | 0 |
| | **Current liabilities** | | |
| | Other payables | 951 | 25 |
| | **Total current liabilities** | 951 | 25 |
| | **Total liabilities** | 176,195 | 25 |
| | **TOTAL EQUITY AND LIABILITIES** | 196,172 | 201 |

1 **Accounting policies**
6 **Related parties**
7 **Employees**

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# Financial statements 1 January – 31 December

## Statement of changes in equity

| DKK'000 | Share capital | Retained earnings | Total |
|---|---|---|---|
| **Equity 1 January 2023** | 40 | -20 | 20 |
| Capital injection | 1 | 199 | 200 |
| Profit/loss for the year | 0 | -44 | -44 |
| **Equity 1 January 2024** | 41 | 135 | 176 |
| Capital injection | 180 | 17,821 | 18,001 |
| Profit/loss for the year | 0 | 1,800 | 1,800 |
| **Equity at 31 December 2024** | 221 | 19,756 | 19,977 |

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# Financial statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of PFC I - Debt ApS for 2024 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.

#### 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

#### Investment income

Investment income comprise the income related to the investment receivables including interest and amortization relating to the financial year.

#### Other external costs

Other external costs include audit fee, depositary fee, etc.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses not included in investment income, including from group entities, transactions denominated in foreign currencies, etc.

#### Tax for the year

The entity is assessed to be a collective investment company within the meaning of section 19 of the Danish Share Profit Taxation Act (aktieavancebeskatningsloven) and consequently the entity is tax exempt.

## Balance sheet

#### Investments, receivables

Non-current receivables, which comprise investment receivables from portfolio companies and deposits, are measured at amortised cost.

PFC I – Debt ApS has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost. Write-down is recognised for bad debt losses based on an individual assessment of receivables.

#### Liabilities

PFC I – Debt ApS has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

Liabilities are measured at net realisable value.

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# Financial statements 1 January – 31 December

## Notes

### 2 Investments, receivables

| DKK'000 | 2024 | 2023 |
|---|---|---|
| Cost at 1 January | 0 | 0 |
| Additions | 178,497 | 0 |
| Cost at 31 December | 178,497 | 0 |
| Interest and value adjustment at 1January | 0 | 0 |
| Currency exchange adjustment during the year | -214 | |
| Interest during the year | 17,827 | 0 |
| Interest and value adjustment at 31 December | 17,613 | 0 |
| **Carrying amount at 31 December** | 196,110 | 0 |

### 3 Financial expenses

| | | |
|---|---|---|
| Interest expenses, group entities | 15,688 | 0 |
| Other interest expenses | 227 | 0 |
| | 15,915 | 0 |

### 4 Share capital

The share capital comprises of shares of DKK 0.01 nominal value each.

### 5 Non-current liabilities

Non-current liabilities are specified as follows:

| DKK'000 | 2024 | 2023 |
|---|---|---|
| **Payable to group entities** | | |
| 1-5 years | 0 | 0 |
| > 5 years | 175,244 | 0 |
| | 175,244 | 0 |

### 6 Related parties

The company is a wholly owned subsidiary of Polaris Flexible Capital I K/S, Malmøgade 3, DK-2100 København Ø (registration no. 42 26 76 27).

The latest consolidated financial statements of Polaris Flexible Capital I K/S are available at the limited partnerships address.

### 7 Employees

The company has no employees besides the members of the Executive Board, who did not receive fees in 2024.

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*ANNEX IV*

**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:** PFC I Debt ApS ("PFC I Debt", "the Fund")
**Legal entity identifier:** 549300VS7ZG1MLUHKI39
**Period:** 1 Jan 2024 – 31 Dec 2024 (the "Period")

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

# Environmental and/or social characteristics

**Did this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It made **sustainable investments with an environmental objective:** ___% | ☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It made **sustainable investments with a social objective:** ___% | ☒ It promoted E/S characteristics, but **did not make any sustainable investments** |

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

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Polaris Management A/S ("Polaris") is the fund manager of PFC I Debt ApS ("PFC I Debt" or "The Fund") which is an investment vehicle under Polaris Flexible Capital I K/S ("PFC I"). Polaris has commited to promoting a number of environmental & social characteristics as part of the investment strategy of PFC I and thereby also PFC I Debt. These characteristics were met accordingly:

- Exclusion criteria: Three investments were made in the Period, Sticks'n'Sushi, InArea Group and Jernbro. These investments fulfilled the Funds exclusion criteria that the Fund has comitted to. We therefore meet this commitment.
- Sustainability process: Polaris has commited to ensuring that our portfolio companies are willing to commit to (i) discuss sustainability at least annually in its board of directors and (ii) report annually to The Fund on the status and work related to sustainability. This is partt of our exclusion criteria and we also follow-up on the adherence to this commitment. All portfolio companies report that they have discussed ESG/sustainability related topics at the board of directors level during the Period and have eall ngaged with us on the status of their sustainability work. We consequently believe we have met this commitment.
- Management of adverse sustainability impacts: Polaris has commited 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 has been implemented in three out of four portfolio companies (75%). As our target is 100%, this commitment has not yet been met..
- Promotion of climate change mitigation: Polaris has commited to work with our portfolio companies to measure and reduce their greenhouse gas emissions. Although 100% measure Scope 1 and 2 emissions, no company measure Scope 3 emissions and only 50% have plans to reduce their emissions. There is also not sufficient CO2e emission data to determine if the companies have reduced or increased their emissions. We have consequently not met this objective.
- Promotion of gender equality: Polaris has commited to work with their portfolio companies to improve their gender equality. The gender distribution in the board and management teams of our portfolio companies was 12.5% and 3.6% respectively and we did therefor not reach the ambition of at least 40% of each gender. This commitment has therefor not been met. Two out of four companies in the portfolio, report that they have a plan to improve gender equality.
- Promotion of improved working environment: Polaris has commited to work with their portfolio companies to improve the working environment. Three out of four companies have formalized plans to improve the working environment but have not been able to supply data on employee initiated turnover. As there is no data available for this indicator, we are not able to review the status of the working environment in our portfolio companies. This commitment has therefor not yet been met.

***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 (31.12.2024) and based on an internal sustainability survey send to all portfolio companies at the of the Period. If indicators have not been reported, the performance is based

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on available data from online sources. We do not require that the indicators provided by our portfolio companies are audited.

- 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%. Three new investment, Sticks'n'Sushi, InArea and Jernbro Industrial Services, was made in the Fund during the Period and these investment fulfilled these criteria. The fullfillment is consequently 100% for the Fund.
    - No support to unsustainable sectors: Polaris has commited 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.
    - No support to sanctioned countries, persons or entities: Polaris has commited to not make investments in portfolio companies 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 commited to not invest in companies with an unacceptable risks for adverse sustainability impacts, or with unacceptable actual adverse sustainability impacts.
    - Sustainability governance: We have commited 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 commited to invest in companies that have commited to (i) discuss sustainability at least annually in its board of directors and (ii) report annually to The Fund on the status and work related to sustainability. We also follow-up continously on the adherence to this commitment.
- Sustainability process: We continously follow-up on the adherence to our companies initial commitment to a sustainability process. For the Period, we submitted a survey to enquire about the status of their work to each company. We will continue with this survey going forward and complement with a dedicated discussion of their sustainability work. For the Period, 100% of the companies fufilled their commitment to process.

**Status of sustainability process**

| Investments in the Fund per 31.12.2024 (acquisition date) | Discussion of ESG/sustainability related topics at the board of directors level during the Period | Reporting on ESG/sustainability related topics between Polaris and company in period | Comment on implementation |
|---|---|---|---|
| Aerfin (Jul '23) | Yes | Yes | Working with independt climate change experts and have developed own ESG strategy |
| Sticks'n'Sushi (Feb '24) | Yes | Yes | |
| InArea Group (May '24) | Yes | Yes | |
| Jernbro Industrial Service (Sep '24) | Yes | Yes | |
| The Fund | 100% (4/4) | 100% (4/4) | |

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- Management of adverse sustainability impacts: We have commited 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 although we might have limited ability to control this indicator. This was however achieved by Jernbro, Sticks'n'Sushi and AerFin while it has not yet been done for InArea. Thus fulfillment for both indicators for the Fund was 75% of companies in the Period.

| **Status on adherence to UN/OECD guidelines of Responsible Business Conduct** | | | | |
|---|---|---|---|---|
| **Investments in the Fund per 31.12.2024 (acquisition date)** | Membership of UN Global Compact | Mgmt system implemented 31.12.2023[1] | Mgmt system implemented 31.12.2024[2] | Comment on implementation |
| Aerfin (Jul '23) | Yes | No | Yes | - |
| Sticks'n'Sushi (Feb '24) | Yes | | Yes | - |
| InArea Group (May '24) | No | | No | - |
| Jernbro Industrial Service (Sep '24) | Yes | | Yes | - |
| G&O Maritime (exited '24) | | Yes | | |
| The Fund | 75% (3/4) | 50% (1/2) | 75% (3/4) | |

The structure and performance related to Polaris' three focus areas, Climate change, Gender equality and Working environment, is followed-up annually at the portfolio company level through our survey and review of publically available information provided by each portfolio company. The Fund is constrained by their governance rights in each investment and the reporting scope, data availability and timeline of each of their companies. Data for the Period itself might therefor not be available at the time of the publishing of this report or not produced by the company, in those cases we will use the most recently available information.

- Promotion of climate change mitigation: We have commited to promote that our portfolio companies measure their Greenhouse Gas Emissions according to the GHG Protocoll 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 commited to promoting annual reductions and encourage portfolio companies to support the Paris Agreement and set 'science based' CO2 emissions reduction reduction targets as defined by the Science Based Target Initiative. All respondents measure according to scope 1 and 2 but none yet report on Scope 3 emissions. In addition, only 50% of our companies have a plan to reduce their emissions and none have yet set a 'Science Based Target'.

[1] Refers to UN/OECD guidelines for Responsible Business Conduct
[2] Refers to UN/OECD guidelines for Responsible Business Conduct

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| **Status on CO2 measurements and target setting** | | | | | | |
|---|---|---|---|---|---|---|
| **Investments in the Fund per 31.12.2024 (acquisition date)** | Measurement of CO2e – Scope 1, 2 & 3* and reduction plans | | | Science Based Target** | | Comments |
| | **2023** | **2024** | **Plan to reduce greenhouse gas emissions 2024** | **31.12.2023** | **31.12.2024** | |
| Aerfin (Jul '23) | - | 1/2 | No | No | No | Plans to commit. |
| Sticks'n'Sushi (Feb '24) | | 1/2 | No | | No | Plans to commit. |
| InArea Group (May '24) | | 1/2 | Yes | | No | - |
| Jernbro Industrial Services (Sep '24) | | 1/2 | Yes | | No | According to mgmt, targets are set according to SBT but not officially commited |
| G&O Maritime (exited '24) | 1/2 | | | No | | |
| The Fund | Scope 1/2: 50% (1/2)<br><br>Scope 3: 50% (1/2) | Scope 1/2: 100% (4/4)<br><br>Scope 3: 0% (0/4) | 50% (2/4) | 0% (0/2) | 0% (0/4) | |

* Defined as measured if done according to the Greenhouse Gas Protocoll (GHG) and published publically by the company.

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

- Promotion of climate change mitigation – CO2e emissions: All companies report on CO2 emissions Scope 1 and 2 but yet Scope 3. We expect these to be material and we are therefor not yet able to track the actual CO2e emissions, or their development, for the Fund in a reasonable way. The increase in Scope 1 and 2 emissions for Fund in the year is driven by inclusion of new portfolio companies.

| **Status of CO2 emissions** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Investments in the Fund per 31.12.2024 (acquisition date)** | **CO2 emissions – Scope 1/ 2 (tCO2e)** | | **CO2 emissions – Scope 3 (tCO2e)** | | **CO emission intensity – Scope 1/2/3 (gCO2e/DKK revenue)** | | **Comments** |
| | **2022** | **2023** | **2022** | **2023** | **2022** | **2023** | |
| Aerfin (Jul '23) | n.a. | 374 | n.a. | n.a. | - | - | |
| Sticks'n'Sushi (Feb '24) | | 1.109 | | n.a. | | - | |
| InArea Group (May '24) | | 1.500 | | n.a. | | - | |
| Jernbro Industrial Services (Sep '24) | | 1.180 | | n.a. | | - | |
| G&O Maritime (exited '24) | 430 | | 15.345 | | 40.0 | | |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| The Fund | 430 | 4.163 | 15.345 | n.a. | 40.0 | - | Intensity not calculated as Scope 3 emissions are not available and are likely material. |

- Promotion of gender equality: We have commited 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 gender distribution at board level was 12.5% while the management team level distribution was 3.6% at end of the Period based on publicly available data. Thus both metrics are well below the ambition of 40% for the Fund. 50% of the companies do however have plans to improve gender equality and distribution. For the previous report, we relied on data reported by management and the latest data point is therefor for 2022.

**Status on Gender Distribution**

| **Investments in the Fund per 31.12.2024 (acquisition date)** | **Gender distribution – Board of directors** | | **Gender distribution – Management** | | **Does the company have a plan to improve gender equality and distribution** | **Comments** |
|---|---|---|---|---|---|---|
| | **2022** | **2024** | **2022** | **2024** | | |
| Aerfin (Jul '23) | 13% | 12.5% | 14% | 14.3% | Yes | - |
| Sticks'n'Sushi (Feb '24) | | 0% | | 0% | No | - |
| InArea Group (May '24) | | 25% | | 0% | No | - |
| Jernrbro Industrial Services (Sep '24) | | 12.5% | | 0% | Yes | - |
| G&O Maritime (exited '24) | 0% | | 46% | | | |
| The Fund | 7% | 12.5% | 35% | 3.6% | 50% (2/4) | |

- Promotion of improved working environment: We have commited to work to encourage our portfolio companies to measure employee initiatied employee turnover and to target an annual reduction or a stable development at a low level as suitable for each individual portfolio company. InArea have informed us that they don't follow-up on this metric while AerFin, Sticks'n'Sushi and Jernbro have informed that they do.. Neither of the three companies have however been able to supply us with the actual data for the period. The employee initiated turnover for the Fund most recently estimated to 11% is consequently not possible to follow-up on for the Period. To supplement the tracking of employee-initiated turnover, we also follow-up on use of employee satisafaction surveys and plans to improve the working environment.

**Status on Work Environment**

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| Investments in the Fund per 31.12.2024 (acquisition date) | Employee-initiated employee turnover (end 2022) | Employee-initiated employee turnover (end 2023) | Employee-initiated employee turnover (end 2024) | Measurement of employee satisfaction at least annually | Formalized plan to improve the working environment | Comments |
|---|---|---|---|---|---|---|
| Aerfin (Jul '23) | - | N/A | N/A | Yes | Yes | The company has become Great Place to Work-Certified* |
| Sticks'n'Sushi (Feb '24) | | | N/A | Yes | No | - |
| InArea Group (May '24) | | N/A | N/A | No | Yes | Measurement of employee satisfaction is expected to begin in 2025 |
| Jernrbro Industrial Services (Sep '24) | | N/A | N/A | No | Yes | - |
| G&O Maritime (exited '24) | Yes (11%) | | | | | |
| The Fund | Measure : 25% (1/4)<br><br>11% | Measure : 0% (0/4)<br><br>N/A | Measure : 0% (0/4)<br><br>N/A | 50% (2/4) | 75% (3/4) | |

* To become certified, the average score across employee surveys must show that approximately 7 out of 10 are having a consistently positive experience at work

***…and compared to previous periods?***

- Exclusion criteria: Fulfillment of our exclusion criteria was a 100% for the Period, which also was the case in the previous period.
- Management of adverse sustainability impacts: The implementation rate increased from 50% to 75% of the companies in the Period.
- Promotion of climate change mitigation:
    - Measurement of CO2e emissions: Companies measuring CO2e emissions on Scope 1 and 2 increased from 50% of respondents to 100%. Measument according to scope 3 fell from 50% of respondents to 25% due to the inclusion of new investments that have not yet implemented this.
    - Plans to reduce emissions: We did not follow-up on this indicator in the previous period.
    - Science Based Target: The share of companies with Science Based Targets remains at 0%.
    - CO2e emissions: The Scope 1 and 2 emissions for which we have data, increased from 430 to 4.163 tCO2e from 2022 to 2023. This was driven by inclusion of new portfolio companies. We do not yet have data for Scope 3 emissions.
- Promotion of gender equality: The share of women in the boards of fund increased from 7% to 12.5% while the share of women in the management teams fell from 35% to 3.6%.
- Promotion of improved working environment: We are not received data which enables us to provide information on the development on the working environment in the portfolio.

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***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).

***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).

*How were the indicators for adverse impacts on sustainability factors taken into account?*

The Fund does not take Principle Adverse Impacts on Sustainability factors ("PAI indicators") into account in its investment process.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Implementing the management system according to these guidelines is one of the Funds objectives. At the end of the period, 75% of the investments hade implemented the system.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

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

PFC does not take principle adverse impacts on sustainability impacts into account in its investment process. This commitment was removed during 2024 and implemented in Polaris Resposible Investment Policy (RIP) as well as in a retroactive amendment to PFC's Pre-contractual Statement, which was approved by the investors in the fund.

## What were the top investments of this financial product?

Three new platform investments and one divestment were made by the Fund in the Period. Sticks'n'Sushi, InArea Group and Jernbro Industrial Services were invested into while G&O was divested. As of the 31st of December 2024, the Fund had the following investments.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 1- Jan 2024-31 Dec 2024

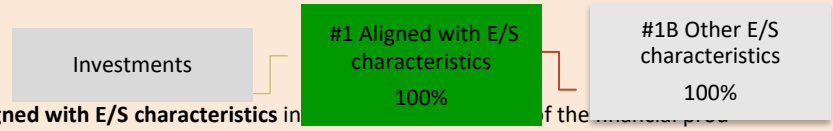
| Investments in the Fund per 31.12.2024 | Date of acquisition | Sector | % Assets* per 31.12.2023 | % Assets* per 31.12.2024 | Country |
|---|---|---|---|---|---|
| Aerfin | Jul 2023 | Aerospace | 62% | 23% | United Kingdom |
| Sticks'n'Sushi | Feb 2024 | Restaurants | - | 37% | Denmark |
| InArea Group | May 2024 | Construction | - | 19% | Sweden |
| Jernbro Industrial Services | Sep 2024 | Industrial services | - | 21% | Sweden |
| G&O Maritime (exited '24) | Jun 2022 | Industrial goods | 38% | | Denmark |
| The Fund | | | 100% | 100% | |

* % of Assets defined as % share of Cost of remaining investments per 31.12.

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## What was the proportion of sustainability-related investments?

***What was the asset allocation?***




**#1 Aligned with E/S characteristics** in f the uct used to attain the environmental or social characteristics promoted by the financial product.

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?***

Three new investments was made in the period, which constituted 77% of the Fund.

| Investments in the Fund per 31.12.2024 | Date of acquisition | Sector | % Assets* per 31.12.2024 | Country |
|---|---|---|---|---|
| Aerfin | Jul 2023 | Aerospace | 23% | United Kingdom |
| Sticks'n'Sushi** | Feb 2024 | Restaurants | 37% | Denmark |
| InArea Group** | May 2024 | Construction | 19% | Sweden |
| Jernbro Industrial Services** | Sep 2024 | Industrial service | 21% | Sweden |
| The Fund | | | 100% | |

* % of Assets defined as % share of Cost of remaining investments per 31.12 in year.

** Acquisitions made during the Period

**Asset allocation** describes the share of investments in specific assets.

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## 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).

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.
**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

***What was the share of investments made in transitional and enabling activities?***

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.

***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

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.



## 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.



## 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).



## 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.



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

During the Period, we engaged with the portfolio companies of the Fund to request how the Funds environmental and social characteristics were addressed. This was executed through a survey sent to all portfolio companies to detail the status of sustainability in each company. It is also part of the on-going dialogue with all portfolio companies. We also ask that all companies discuss these questions in the board of directors at least annually which all portfolio companies confirmed that they had. In the next period, we aim to continue the interaction with our portfolio companies concerning sustainability and complement the annual survey with dedicated management discussions.

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## 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.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

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

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

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

- ***How did this financial product perform compared with the reference benchmark?***

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

- ***How did this financial product perform compared with the broad market index?*** Not applicable as we have not designated a specific index as a reference benchmark for this product.

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