



Polaris Holdco ApS

Malmøgade 3
2100 Copenhagen Ø
CVR No. 41950897

Annual report 2022

The Annual General Meeting adopted the
annual report on 23.06.2023

Niels-Christian Worning

Chairman of the General Meeting

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Entity details

Entity

Polaris Holdco ApS
Malmøgade 3
2100 Copenhagen Ø

Business Registration No.: 41950897
Registered office: Copenhagen
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Niels-Christian Worning
Allan Bach Pedersen
Henrik Bonnerup

Executive Board

Niels-Christian Worning

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Polaris Holdco ApS for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary 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, 23.06.2023

Executive Board

Niels-Christian Worning

Board of Directors

Niels-Christian Worning

Allan Bach Pedersen

Henrik Bonnerup

Independent auditor's report

To the shareholders of Polaris Holdco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Polaris Holdco ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 is 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 Entity'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 Entity 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 Entity'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 Entity'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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, 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, in doing so, consider whether the management commentary is 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 provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 23.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Haugegaard Albrechtsen

State Authorised Public Accountant
Identification No (MNE) mne45846

Manal Naffah

State Authorised Public Accountant
Identification No (MNE) mne49116

Management commentary

Financial highlights

	2022 EUR'000	2021 EUR'000
Key figures		
Gross profit/loss	16,485	7,899
Operating profit/loss	3,598	(4,508)
Net financials	(3,914)	(3,229)
Profit/loss for the year	(926)	(8,158)
Profit for the year excl. minority interests	(581)	(5,439)
Balance sheet total	99,432	105,550
Investments in property, plant and equipment	104	640
Equity	19,128	19,880
Equity excl. minority interests	12,808	13,265
Cash flows from operating activities	269	(516)
Cash flows from investing activities	(578)	(87,205)
Cash flows from financing activities	(4,579)	96,109
Ratios		
Equity ratio (%)	12.88	12.57

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

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The company's primary activities are the design, production and sale of high-quality products challenging the norms of computer interaction and improving human performance. It is the company's goal to achieve the highest level of ergonomics and usability through innovation and design. The Company offers a range of premium mice and keyboards, which are among the world's most ergonomic and comfortable.

Development in activities and finances

During the year, the company has invested in all areas across the value chain ranging from customer facing activities and channel partner models to product launches and production. Thus, the company has welcomed a large number of new team members as well as new management team in order to deliver on the growth ambitions.

In Q4 2022, the company launched two new products: Slidermouse Pro and Rollermouse Pro, with improved functionality, updated design with esthetics and sustainability in mind. To mitigate any shortage in supply, the company has invested in building inventory through the summer to support the launch of the new products and has generally succeeded with minimizing product shortage.

In 2022, further investments have been carried out in the organization, upgrading especially the customer facing activities and back office with skills required to grow the company and improve operations. This has led to a significant increase in fixed costs.

Polaris HoldCo Group made an operating profit of (EBIT) of EUR 3,6m for the accounting period. The financial result is impacted by costs related to the acquisition booked in 2022.

The management considers the result as satisfactory.

Profit/loss for the year in relation to expected developments

The expectations for the year vs. plan are as expected.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Outlook

We carefully follow the uncertainties arising from the current macroeconomic environment. However, we believe the nature of the company's products are to a large degree resilient to adverse macroeconomic development.

With the geographical expansion and investments done in 2021 and 2022 in selected EU markets and in North America, as well as investment in the new product range we are planning to grow more than 5% on EBIT level for 2023.

Use of financial instruments

Market risks

The company's products are primarily positioned in the Business to Business high-end segment. The economic development in the professional and private consumer markets, as well as governmental budget frames will likely affect the financial results.

Foreign exchange risk

Due to sales activities in foreign markets, cash flow and equity might be influenced by changes in interest levels and exchange rates for certain currencies. It is not the company policy to hedge commercial exchange risks. Hedging is not used to hedge open foreign exchange positions related to trading activities in foreign currencies, the company does not use speculative hedging. The company foreign currency policy advocates to reduce risk by limiting the need for exchange rate conversions in daily business. As the company grows we will be revising our policy to mitigate risk.

Credit risks

The company's credit risks relate to trade receivables included in the balance sheet. The company has no vital risks related to a single customer or business partner. The company's credit risk policy involves assessing creditworthiness of all major customers and business partners and applying terms in accordance with individual risks.

Capital structure and Ownership

Polaris HoldCo Group share capital is not divided into classes.

Management regularly assesses whether Polaris HoldCo Group have an adequate capital structure, the Board of Directors continuously assesses that the company's capital structure is consistent with the company's and its stakeholders' interests. The overall objective is to ensure a capital structure that supports a profitable long-term growth.

Management believes that the current capital structure provides sufficient flexibility to address the future strategy of the Group.

Knowledge resources

The employees are the Group's most important resource, with main emphasis on design and product development.

Environmental performance

During 2021 the group management implemented the adjustments, defined by the 2020 assessment according to the UN Defined global minimum standard for responsible business conduct. In the assessment of environmental, Social, and Governance sustainability (ESG) no significant impact on external factors was found. Contour Design Group have in 2022 performed the same exercise including conducting their first sustainability report with carbon footprint numbers and targets. For 2023 Contour will update the CSR impact assessment to cover global entities such as Contour Design Guangzhou and Contour Design US.

Research and development activities

Contour Design Group continuously invests in development, updates, and improvements of its product portfolio. Internal costs related to development of products are expensed in the income statement, while external costs are accounted for as an asset following the accounting policies.

Group relations

The Consolidated Annual Report of the Contour Design Group is prepared by the parent company, Polaris MidCo2 ApS and Polaris HoldCo ApS.

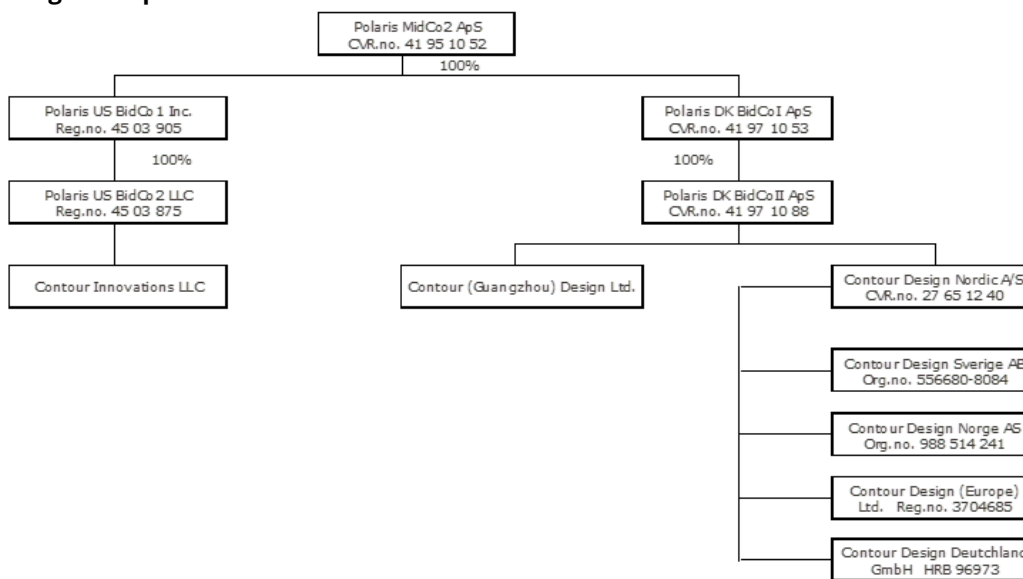
The private equity fund Polaris owns majority of the shares of Contour Design Group through Polaris MidCo2. Polaris is a member of the Active Owners Denmark (Previously DVCA) and hence compliant with the associated

guidelines; please see <https://aktiveejere.dk/>. These guidelines, published in June 2015, recommend a thorough review regarding corporate governance, financial risks, employee relations and strategy.

Contour Design Group's sales organization is primarily represented in subsidiaries in the Nordics and US. The company also sells its products through distributors and wholesalers in the markets.

Contour Design Group with head office in Denmark has 177 FTE's of which 17 are employed in the US and 113 in China incl. production. Design Nordic A/S, Denmark has 36 employees, and 11 are employed in the subsidiaries. Approx. 39% are female.

Contour Design Group



The Group's work with ESG

The Group is dedicated to work with ESG and dedicated more than one full time employee in the area since autumn 2021. Consequently, the results in this area are at a relatively immature level. Consequently, the content of this section does not intent to meet the requirements formally stated in Danish Annual Accounts Act §§ 99, 99a and 99b. A more detailed description of the results made in this area are to be found on the company home page: <https://contourdesign.dk/>

Below policies and actions are made for Contour Design Group.

Policies

Our commitment is based on the internationally agreed core principles for sustainable development; human rights (including labour rights), environment (including climate), and anti-corruption. The principles are listed by the UN Global Compact and made operational through the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD). We comply with regulations, wherever we operate. Distinct from this, our commitment means that Contour Design Group continuously identifies, prevents, or mitigates our risks of adverse impacts in relation to the core principles.

We will communicate how we manage such impacts. We will seek to make a difference for sustainability, where it makes most sense for us. Our employees are key partners in helping us respect international principles for sustainable development. We expect all team members at Contour Design Group to assist us in honoring our commitment in their daily work.

We will embed our CSR commitment in the daily work of both our employees and management through training, communication, and ongoing assessments. We always appreciate good ideas for how to prevent, mitigate or improve our impacts on sustainable development.

Find all the latest Policies and working procedures through the following link:
<https://contourdesign.dk/pages/documentation>

Business Code of Conduct

We expect all our business relationships to meet the globally agreed minimum standard for responsible business conduct as expressed in this commitment. Business relationships shall implement the UNGPs/OECD, i.e., manage risks of causing or contributing to adverse impacts in relation to human rights, the environment, and anticorruption, and address actual impacts, share their results – and ask the same from their relationships. Management of severe impacts shall be communicated promptly.

Our business Code of Conduct is a part of our contract agreement which all of our relations are signing to comply with(Business Code of Conduct).

We expect all our business relationships to meet the globally agreed minimum standard for responsible business conduct as expressed in this commitment. Business relationships shall implement the UNGPs/OECD, i.e., manage risks of causing or contributing to adverse impacts in relation to human rights, the environment, and anticorruption, and address actual impacts, share their results – and ask the same from their relationships. Management of severe impacts shall be communicated promptly.

Self-assessment (Company Carbon footprint)

Contour Design Group will continuously conduct self-assessment according the Global ESG standards. Results and actions will be published during 2023 as a part of the Global Compact membership as a report on progress (COP). We continue to ask major business relations to be transparent and guide on progress on the same topics, according to our Code of Conduct. Contour Design Group is using the Self-assessment proactively in the decision making process where tangible goals have been set for carbon reduction, both for our product output and for our business owned activities (Scope 1+2).

Corporate governance

The Board of Directors and the Executive Board constantly strive to ensure that appropriate and sufficient control systems are in place managed by a robust management team structure. The Board of Directors and the Executive Board have several duties being defined in, amongst others, the Companies Act, the Danish Financial Statements Act, the Articles of Association, and good practice for companies of the same size and with the same international scope as Designer Company. On this basis, an ongoing series of internal procedures are developed and maintained to ensure active, reliable, and profitable management of the company.

Underrepresented gender / diversity

Contour Design Group is committed to our membership of Global Compact. Among our chosen relevant KPIs we report on diversity within Contour Design Group. From advertising to recruiting we are committed to provide a safe and healthy work environment that is free of unlawful discrimination including harassment that is based on any legally protected characteristics, including, but not limited to, race, color, gender, sexual orientation, national origin, citizen status, disability, veteran status, height, weight, and religion.

With app 39% share of women employed, we have the best possibility to ensure a good balance in the leading positions in the future growth and development of the company.

Audit Committee

No audit committee is established due to the modest size and complexity of the company.

Remuneration to management

To attract and retain Contour Design Group's management competencies, the remuneration of management and senior employees is based on tasks, value creation and conditions in comparable companies. An incentive program is implemented in the form of bonus schemes.

Board of directors

The Board of Directors ensures that the Executive Board complies with the approved objectives, strategies, and business procedures. The information to the Executive Board is provided systematically before and during meetings as well as through written and oral reports. These reports include market development, the company's development, and profitability. The Board of Directors and Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the company meet at least four times a year. Furthermore, information about the company and the Group's results and financial position is shared with the Board of Directors on a regular basis (monthly). If relevant, extraordinary meetings are held.

Board of Directors in Contour Design Group

Name	Executive Board Role in Contour Design Group	Other Board roles:
Erik Stannow	Chairman	Elearningforce International Aps, Wired Relations Aps, Various Companies related to Polaris
Jesper Mailind	Board Member	Leo Pharma A/S, RTXA/S, Etac AB, Aidian Oy, Various companies related to Polaris
Kenneth Schach	Board Member	Various companies related to Polaris
Niels-Christian Worning	Board Member	Triax A/S, P-Sinful 2021 A/S, various companies related to Polaris

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 EUR	2021 EUR
Gross profit/loss		16,485,182	7,899,166
Staff costs	1	(6,030,382)	(3,250,772)
Depreciation, amortisation and impairment losses	2	(6,857,124)	(3,993,484)
Other operating expenses	3	0	(5,163,264)
Operating profit/loss		3,597,676	(4,508,354)
Other financial income		129,795	0
Other financial expenses	4	(4,043,824)	(3,228,772)
Profit/loss before tax		(316,353)	(7,737,126)
Tax on profit/loss for the year	5	(609,189)	(421,171)
Profit/loss for the year	6	(925,542)	(8,158,297)

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 EUR	2021 EUR
Completed development projects	8	258,501	0
Acquired licences		0	2,355
Acquired rights		40,602,857	43,873,808
Goodwill		43,200,482	46,680,344
Development projects in progress	8	136,208	18,450
Intangible assets	7	84,198,048	90,574,957
Other fixtures and fittings, tools and equipment		203,900	184,225
Property, plant and equipment	9	203,900	184,225
Deposits		111,519	44,674
Financial assets	10	111,519	44,674
Fixed assets		84,513,467	90,803,856

Raw materials and consumables		1,162,316	0
Manufactured goods and goods for resale		5,297,206	2,842,399
Prepayments for goods		1,020,594	1,609,286
Inventories		7,480,116	4,451,685
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Trade receivables		2,178,813	1,104,685
Other receivables		1,461,181	504,417
Prepayments	11	296,500	291,973
Receivables		3,936,494	1,901,075
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Other investments		0	4,616
Investments		0	4,616
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Cash		3,501,493	8,388,670
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Current assets		14,918,103	14,746,046
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Assets		99,431,570	105,549,902
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Equity and liabilities

	Notes	2022 EUR	2021 EUR
Contributed capital	12, 13	1,718,072	1,718,072
Translation reserve		1,817,961	1,288,878
Retained earnings		9,271,895	10,258,488
Equity belonging to Parent's shareholders		12,807,928	13,265,438
Equity belonging to minority interests		6,319,681	6,614,356
Equity		19,127,609	19,879,794
Deferred tax	14	7,569,961	9,544,482
Other provisions	15	206,295	722,142
Provisions		7,776,256	10,266,624
Debt to other credit institutions		29,235,845	33,832,989
Other payables		32,808,261	31,371,310
Non-current liabilities other than provisions	16	62,044,106	65,204,299
Current portion of non-current liabilities other than provisions	16	4,800,000	4,800,000
Bank loans		18,573	0
Prepayments received from customers		621,733	1,609,286
Trade payables		2,187,860	1,941,292
Payables to group enterprises		469,994	0
Tax payable		1,029,699	1,089,243
Other payables		1,355,740	759,364
Current liabilities other than provisions		10,483,599	10,199,185
Liabilities other than provisions		72,527,705	75,403,484
Equity and liabilities		99,431,570	105,549,902
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2022

	Contributed capital EUR	Translation reserve EUR	Retained earnings EUR	Equity belonging to Parent's shareholders EUR	Equity belonging to minority interests EUR
Equity beginning of year	1,718,072	1,288,878	10,258,488	13,265,438	6,614,356
Exchange rate adjustments	0	529,083	0	529,083	262,859
Other entries on equity	0	0	(405,316)	(405,316)	(213,269)
Profit/loss for the year	0	0	(581,277)	(581,277)	(344,265)
Equity end of year	1,718,072	1,817,961	9,271,895	12,807,928	6,319,681
					Total EUR
Equity beginning of year					19,879,794
Exchange rate adjustments					791,942
Other entries on equity					(618,585)
Profit/loss for the year					(925,542)
Equity end of year					19,127,609

Consolidated cash flow statement for 2022

	Notes	2022 EUR	2021 EUR
Operating profit/loss		3,597,676	(4,508,354)
Amortisation, depreciation and impairment losses		6,848,677	3,993,484
Working capital changes	17	(4,488,900)	1,210,661
Other adjustments		0	1,918,164
Cash flow from ordinary operating activities		5,957,453	2,613,955
Financial income received		129,795	0
Financial expenses paid		(4,043,825)	(3,228,772)
Taxes refunded/(paid)		(1,774,491)	99,273
Cash flows from operating activities		268,932	(515,544)
Acquisition etc. of intangible assets		(406,547)	0
Acquisition etc. of property, plant and equipment		(104,146)	(18,450)
Acquisition of fixed asset investments		(66,845)	(4,616)
Acquisition of enterprises		0	(87,181,793)
Cash flows from investing activities		(577,538)	(87,204,859)
Free cash flows generated from operations and investments before financing		(308,606)	(87,720,403)
Loans raised		0	70,004,299
Repayments of loans etc.		(4,578,571)	0
Cash capital increase		0	26,104,774
Cash flows from financing activities		(4,578,571)	96,109,073
Increase/decrease in cash and cash equivalents		(4,887,177)	8,388,670
Cash and cash equivalents beginning of year		8,388,670	0
Cash and cash equivalents end of year		3,501,493	8,388,670
Cash and cash equivalents at year-end are composed of:			
Cash		3,501,493	8,388,670
Cash and cash equivalents end of year		3,501,493	8,388,670

Notes to consolidated financial statements

1 Staff costs

	2022	2021
	EUR	EUR
Wages and salaries	5,351,211	2,917,675
Pension costs	427,337	179,386
Other social security costs	185,338	169,871
Other staff costs	66,496	(16,160)
	6,030,382	3,250,772
Average number of full-time employees	150	187

Special incentive programmes

In June 2021, an incentive scheme was established comprising both the Board of Directors, the Executive Board and other executives and the scheme is made to maintain the management. The scheme runs from 3rd June 2021 to 27th May 2026.

The Company's board of directors is authorized to issue Warrant, each of them entitle the holder to sub-scribe for one share of nominally DKK 0.01. Each Warrant gives the Warrant Holder a right, but not an obligation, to sub-scribe for one (1) share in the Company of nominally DKK 0.01 against payment to the Company of an exercise price, which amounts to DKK 0.1 added a hurdle rate of 10 per cent p.a. from 3 June 2021. As it is the Company's practice to settle the schemes by way of shares (equity-settled share-based payment arrangements), no costs have been recognized in 2021 or 2022.

The Executive Officer has not received any remuneration.

2 Depreciation, amortisation and impairment losses

	2022	2021
	EUR	EUR
Amortisation of intangible assets	6,784,001	3,987,743
Depreciation on property, plant and equipment	81,571	5,741
Profit/loss from sale of intangible assets and property, plant and equipment	(8,448)	0
	6,857,124	3,993,484

3 Other operating expenses

Other operating expenses consists of cost to advisors etc in relation with the group's acquisition of subsidiaries.

4 Other financial expenses

	2022 EUR	2021 EUR
Exchange rate adjustments	47,526	451,331
Other financial expenses	3,996,298	2,777,441
	4,043,824	3,228,772

5 Tax on profit/loss for the year

	2022 EUR	2021 EUR
Current tax	2,359,578	1,017,782
Change in deferred tax	(1,974,521)	(596,611)
Adjustment concerning previous years	224,132	0
	609,189	421,171

6 Proposed distribution of profit/loss

	2022 EUR	2021 EUR
Retained earnings	(581,277)	(5,439,136)
Minority interests' share of profit/loss	(344,265)	(2,719,161)
	(925,542)	(8,158,297)

7 Intangible assets

	Completed development projects EUR	Acquired rights EUR	Goodwill EUR	Development projects in progress EUR
Cost beginning of year	0	45,783,609	48,709,924	18,450
Transfers	291,689	0	0	(291,689)
Additions	0	0	0	409,447
Cost end of year	291,689	45,783,609	48,709,924	136,208
Amortisation and impairment losses beginning of year	0	(1,909,801)	(2,029,580)	0
Amortisation for the year	(33,188)	(3,270,951)	(3,479,862)	0
Amortisation and impairment losses end of year	(33,188)	(5,180,752)	(5,509,442)	0
Carrying amount end of year	258,501	40,602,857	43,200,482	136,208

8 Development projects

The company has launched a webshop and developed new products which has been launched during 2022. This has been capitalized with a useful life of 3 and 4 years respectively.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	639,687
Additions	104,146
Disposals	(2,900)
Cost end of year	740,933
Depreciation and impairment losses beginning of year	(455,462)
Depreciation for the year	(81,571)
Depreciation and impairment losses end of year	(537,033)
Carrying amount end of year	203,900

10 Financial assets

	Deposits EUR
Cost beginning of year	44,674
Additions	66,845
Cost end of year	111,519
Carrying amount end of year	111,519

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Contributed capital

At 31 December 2021, the share capital consisted of 12,776,442.05 shares with a nominal value of 0.01.

The shares are not divided into classes and carry no right to fixed income. There have been no changes to the contributed capital in 2022.

13 Treasury shares

	Number	Nominal value EUR	Recorded par value EUR	Share of contributed capital %
Own shares	429,935	10	4,299,350	2.23
Warrants	9,917,019	0.01	99,169	0.00
Investments acquired	10,346,954	10.01	4,398,519	2.23

The group have purchased own shares from an earlier employee.

14 Deferred tax

	2022 EUR	2021 EUR
Changes during the year		
Beginning of year	9,544,482	0
Addition through business combinations etc	0	8,949,213
Recognised in the income statement	(1,974,521)	595,269
End of year	7,569,961	9,544,482

Deferred tax mainly relates to intangible assets etc.

15 Other provisions

Other provisions consists of the group's expected obligation to pay discounts for goods sold to distributors in the financial year, of which the discounts are only paid to the distributors when the distributors have resold the goods to the end customer.

16 Non-current liabilities other than provisions

	Due within 12 months 2022 EUR	Due within 12 months 2021 EUR	Due after more than 12 months 2022 EUR	Outstanding after 5 years 2022 EUR
Debt to other credit institutions	4,800,000	4,800,000	29,235,845	15,400,930
Other payables	0	0	32,808,261	31,371,309
	4,800,000	4,800,000	62,044,106	46,772,239

17 Changes in working capital

	2022 EUR	2021 EUR
Increase/decrease in inventories	(3,028,431)	(807,267)
Increase/decrease in receivables	(2,955,246)	1,167,900
Increase/decrease in trade payables etc.	1,494,777	850,028
	(4,488,900)	1,210,661

18 Unrecognised rental and lease commitments

	2022 EUR	2021 EUR
Total liabilities under rental or lease agreements until maturity	1,424,465	225,749

19 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Polaris Holdco ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for

the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

20 Assets charged and collateral

The Group has issued security over all shares in Polaris Midco1 ApS towards the bank for the bank loan in Polaris BidColl ApS. The carrying amount for the loan is 34.020 kEUR at 31 december 2022.

21 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.

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Polaris DK Bidcol ApS	Denmark	ApS	100.00
Polaris DK Bidcoll ApS	Denmark	ApS	100.00
Contour Design Nordic A/S	Denmark	A/S	100.00
Contour Design Sverige AB	Sweden	AB	100.00
Contour Design Norge AS	Norway	AS	100.00
Contour Design (Europe) Ltd.	UK	Ltd.	100.00
Contour Guanzhou Design Ltd.	China	Ltd.	100.00
Polaris US Bidco1 Inc.	USA	Inc.	100.00
Polaris US Bidco2 Inc.	USA	Inc.	100.00
Contour Innovations LLC	USA	LLC	100.00
Contour Design Deutschland GmbH	Germany	GmbH	100.00
Polaris Midco 1 ApS	Denmark	ApS	100.00
Polaris Midco 2 ApS	Denmark	ApS	100.00

Parent income statement for 2022

	Notes	2022 EUR	2021 EUR
Gross profit/loss		0	(1,630)
Income from investments in group enterprises		(581,033)	(5,437,909)
Other financial expenses		(244)	0
Profit/loss before tax		(581,277)	(5,439,539)
Tax on profit/loss for the year	1	0	403
Profit/loss for the year	2	(581,277)	(5,439,136)

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 EUR	2021 EUR
Investments in group enterprises		12,742,602	13,214,817
Financial assets	3	12,742,602	13,214,817
Fixed assets		12,742,602	13,214,817
Joint taxation contribution receivable		403	403
Receivables		403	403
Other investments		0	4,616
Investments		0	4,616
Cash		64,923	45,602
Current assets		65,326	50,621
Assets		12,807,928	13,265,438

Equity and liabilities

	Notes	2022 EUR	2021 EUR
Contributed capital		1,718,072	1,718,072
Retained earnings		11,089,856	11,547,366
Equity		12,807,928	13,265,438
Equity and liabilities		12,807,928	13,265,438

Employees	4
Contingent liabilities	5
Assets charged and collateral	6
Related parties with controlling interest	7
Transactions with related parties	8

Parent statement of changes in equity for 2022

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,718,072	11,547,366	13,265,438
Exchange rate adjustments	0	529,083	529,083
Other entries on equity	0	(405,316)	(405,316)
Profit/loss for the year	0	(581,277)	(581,277)
Equity end of year	1,718,072	11,089,856	12,807,928

Notes to parent financial statements

1 Tax on profit/loss for the year

	2022	2021
	EUR	EUR
Refund in joint taxation arrangement	0	(403)
	0	(403)

2 Proposed distribution of profit and loss

	2022	2021
	EUR	EUR
Retained earnings	(581,277)	(5,439,136)
	(581,277)	(5,439,136)

3 Financial assets

	Investments in group enterprises EUR
Cost beginning of year	17,248,048
Cost end of year	17,248,048
Revaluations beginning of year	(4,033,231)
Exchange rate adjustments	529,083
Share of profit/loss for the year	(581,033)
Other adjustments	(420,265)
Revaluations end of year	(4,505,446)
Carrying amount end of year	12,742,602

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

4 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

5 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Polaris HoldCo ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6 Assets charged and collateral

The company has issued security over all shares in Polaris Midco1 ApS towards the bank for the bank loan in Polaris BidColl ApS. The carrying amount for the loan is 34.020 kEUR at 31 december 2022.

7 Related parties with controlling interest

Polaris Private Equity V K/S, Axeltorv 2, 1609 Copenhagen V, owns all shares in the Entity, thus exercising control.

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.

Accounting policies

Reporting class

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, except for adjustments concerning classification without effect on result and equity.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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.

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.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised in intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 14 years., as this is reflecting the lifetime of the patented technology embedded in the majority of the company's product at acquisition date.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Other intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortisation expense on intangible assets with finite lives are recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Following the completion of assets they are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use.

The amortisation period is:

- Customer relationships - 14 years
- Patented technology - 14 years

Intellectual property rights etc.

Intellectual property rights etc comprise development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 14 years.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Other investments (current assets)

Other current asset investments comprise unlisted investments measured at the lower of cost and net realisable value.

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity in retained earnings. Gains and losses on sale are not recognised in the income statement.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.

Cash flow statement

The cash flow statement shows 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 and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.