

Polaris Midco2 ApS

Malmøgade 3
2100 København Ø
CVR No. 41951052

Annual report 15.12.2020 - 31.12.2021

The Annual General Meeting adopted the
annual report on 24.06.2022

Erik Stannow

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020/21	13
Consolidated balance sheet at 31.12.2021	14
Consolidated statement of changes in equity for 2020/21	16
Consolidated cash flow statement for 2020/21	17
Notes to consolidated financial statements	18
Parent income statement for 2020/21	23
Parent balance sheet at 31.12.2021	24
Parent statement of changes in equity for 2020/21	26
Notes to parent financial statements	27
Accounting policies	28

Entity details

Entity

Polaris Midco2 ApS

Malmøgade 3

2100 København Ø

Business Registration No.: 41951052

Registered office: København

Financial year: 15.12.2020 - 31.12.2021

Board of Directors

Erik Stannow

Kenneth Schach

Niels-Christian Worning

Jesper Mailind

Executive Board

Kenneth Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

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 Midco2 ApS for the financial year 15.12.2020 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 15.12.2020 - 31.12.2021.

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.

Ballerup, 24.06.2022

Executive Board

Kenneth Nielsen

Board of Directors

Erik Stannow

Kenneth Schach

Niels-Christian Worning

Jesper Mailind

Independent auditor's report

To the shareholders of Polaris Midco2 ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Polaris Midco2 ApS for the financial year 15.12.2020 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 15.12.2020 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

Aarhus, 24.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jacob Nørmark

State Authorised Public Accountant
Identification No (MNE) mne30176

Jacob Tækker Nørgaard

State Authorised Public Accountant
Identification No (MNE) mne40049

Management commentary

Financial highlights

	2020/21
	EUR'000
Key figures	
Gross profit/loss	7,998
Operating profit/loss	(4,410)
Net financials	(3,227)
Profit/loss for the year	(8,059)
Balance sheet total	105,096
Investments in property, plant and equipment	640
Equity	19,248
Cash flows from operating activities	(281)
Cash flows from investing activities	(87,200)
Cash flows from financing activities	95,377
Ratios	
Equity ratio (%)	18.31

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

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Group's primary activities are the design 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 Group offers a range of premium mice and keyboards, which are among the world's most ergonomic and comfortable.

Development in activities and finances

Acquisition by Polaris

During the year, Contour Design Group was acquired by the Danish private equity fund, Polaris, being the majority shareholder of the Group since June 1st, 2021.

The global supply chain situation

As is the case for the entire market, the global supply chain disruptions have been a challenge with increasing prices for cost of goods and transportation as well as challenges in ensuring sufficient flow of goods to meet demand. The Group has overcome the challenges and have seen growth in most markets despite the situation.

Development in activities and finances

The year has been characterized by the acquisition by Polaris and the subsequent change in strategy as well as coping with the challenges from Covid-19 and the global supply chain disruptions. Despite this, the Group has succeeded with achieving growth, which is also a result of significant further investments in the Group's various markets. This is both in terms of adding additional resources in sales and marketing as well as investing in the Group's infrastructure to ready the Group for further growth.

Contour Design Group achieved an operating loss (EBIT) of EURO -4,409,631 for the accounting period. During 2021, the company has had transaction costs related to the purchase of the company and depreciations related to the purchase price.

Given above, and the global situation, the management considers the result as satisfactory.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

Outlook

Despite continued impact from Covid-19 and continued global supply chain disruptions, the Group expects growth in operating profit in the range of 5-15%. This is attributable to the large investments in sales and marketing in 2021 as well as establishing local presence in a range of new European and North American markets.

Use of financial instruments

Market risks

The company's products are primarily positioned in the high-end segment. The economic development in the professional and private consumer markets 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, however, expect to establish a foreign currency policy to reduce risk in the area during 2021 given the increase in turnover.

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.

Capital structure and Ownership

Contour Design Group share capital is not divided into classes.

Management regularly assesses whether Contour Design 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 has 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 were found. For further information a reference is made to section 'Statement of corporate social responsibility' in the management review.

Research and development activities

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

Group relations

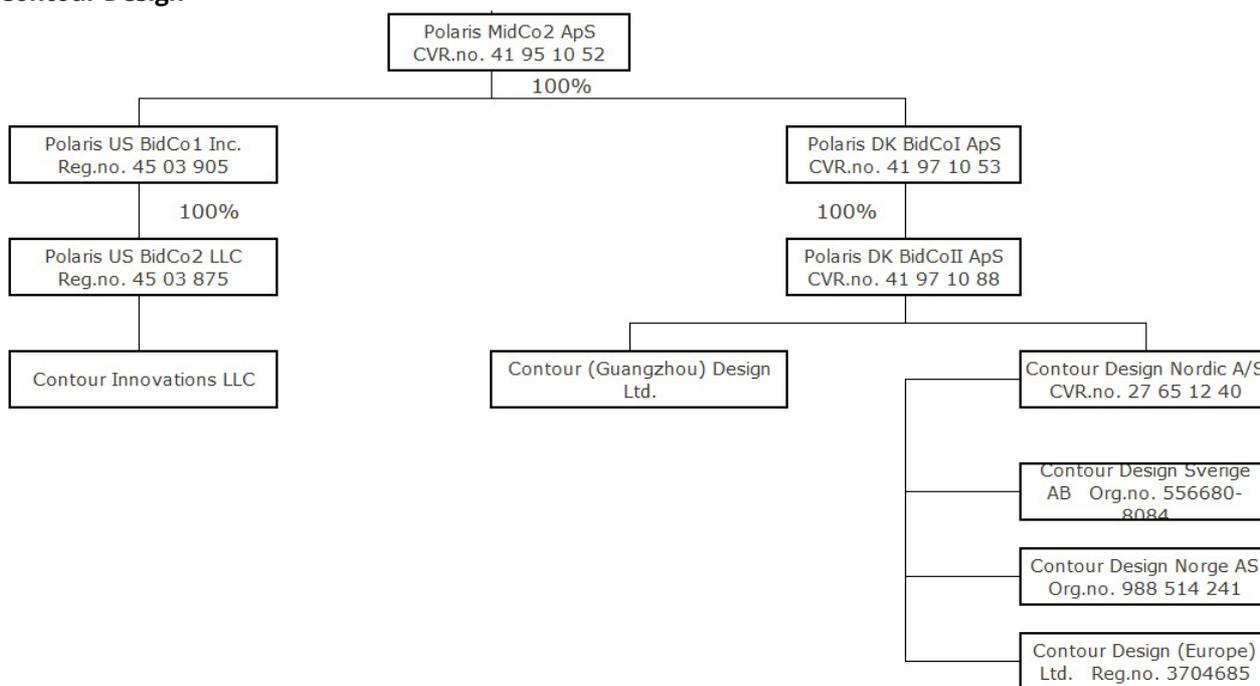
The Consolidated Annual Report of the Contour Design Group is prepared by the parent company, Contour Design Group.

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 sell through distributors and wholesalers in the markets.

Contour Design Group with head office in Denmark has 31 employees, of whom 19 are employed in Contour Design Nordic A/S, Denmark, and 12 are employed in the subsidiaries. Approx. 42% are female.

Contour Design



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 Nordic A/S – the main subsidiary in the 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.

Business Code of Conduct

We will 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

Contour Design Group will continuously conduct self-assessment according to the Global ESG standards. Results and actions will be published during 2022 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.

With the help from the new main shareholder, Danish private equity fund, Polaris, the work on the sustainability agenda has significantly increased over the last six months of the financial year 2021. The Group's first sustainability report is available on Contour's website.

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 and reported on our Sustainable business conduct during Q2 2021. 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, colour, gender, sexual orientation, national origin, citizen status, disability, veteran status, height, weight, and religion.

With app 45% 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 and share and warrant-based incentive programs.

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:	Occupation:	Executive Board Role in	
		Contour Design A/S:	Other board roles:
Erik Stannow	CEO	Chairman	Elearningforce International ApS, Wired Relations, various companies related to Polaris
Jesper Mailind	CEO	Board member	Leo Pharma, RTX A/S, various companies related to Polaris
Kenneth Schnach	CEO	Board member	Various companies related to Polaris
Niels-Christian Worning	Partner, Polaris	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 2020/21

	Notes	2020/21 EUR
Gross profit/loss		7,997,889
Staff costs	2	(3,250,772)
Depreciation, amortisation and impairment losses	3	(3,993,484)
Other operating expenses	4	(5,163,264)
Operating profit/loss		(4,409,631)
Other financial expenses	5	(3,227,302)
Profit/loss before tax		(7,636,933)
Tax on profit/loss for the year	6	(421,843)
Profit/loss for the year	7	(8,058,776)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2020/21 EUR
Acquired licences		2,355
Acquired rights		43,873,808
Goodwill		46,680,344
Development projects in progress	9	18,450
Intangible assets	8	90,574,957
Other fixtures and fittings, tools and equipment		184,225
Property, plant and equipment	10	184,225
Deposits		44,674
Financial assets	11	44,674
Fixed assets		90,803,856
Manufactured goods and goods for resale		4,451,685
Inventories		4,451,685
Trade receivables		1,104,685
Other receivables		504,417
Tax receivable		42,833
Prepayments	12	291,973
Receivables		1,943,908
Cash		7,896,180
Current assets		14,291,773
Assets		105,095,629

Equity and liabilities

	Notes	2020/21 EUR
Contributed capital	13	5,379
Translation reserve		1,933,317
Retained earnings		17,308,848
Equity		19,247,544
Deferred tax	14	9,545,152
Provisions		9,545,152
Debt to other credit institutions		38,632,989
Other payables	15	31,371,310
Non-current liabilities other than provisions	16	70,004,299
Trade payables		1,941,292
Payables to group enterprises		134,474
Tax payable		1,132,076
Other payables		3,090,792
Current liabilities other than provisions		6,298,634
Liabilities other than provisions		76,302,933
Equity and liabilities		105,095,629
Events after the balance sheet date	1	
Unrecognised rental and lease commitments	18	
Contingent liabilities	19	
Assets charged and collateral	20	
Transactions with related parties	21	
Group relations	22	
Subsidiaries	23	

Consolidated statement of changes in equity for 2020/21

	Contributed capital EUR	Translation reserve EUR	Retained earnings EUR	Total EUR
Contributed upon formation	5,379	0	107,577	112,956
Exchange rate adjustments	0	1,933,317	0	1,933,317
Group contributions etc.	0	0	25,260,047	25,260,047
Profit/loss for the year	0	0	(8,058,776)	(8,058,776)
Equity end of year	5,379	1,933,317	17,308,848	19,247,544

Consolidated cash flow statement for 2020/21

	Notes	2020/21 EUR
Operating profit/loss		(4,409,631)
Amortisation, depreciation and impairment losses		3,993,484
Working capital changes	17	360,633
Other adjustments		2,058,980
Cash flow from ordinary operating activities		2,003,466
Financial expenses paid		(3,227,302)
Taxes refunded/(paid)		942,957
Cash flows from operating activities		(280,879)
Acquisition etc. of property, plant and equipment		(18,450)
Acquisition of enterprises		(87,181,793)
Cash flows from investing activities		(87,200,243)
Free cash flows generated from operations and investments before financing		(87,481,122)
Loans raised		70,004,299
Cash capital increase		25,373,003
Cash flows from financing activities		95,377,302
Increase/decrease in cash and cash equivalents		7,896,180
Cash and cash equivalents end of year		7,896,180
Cash and cash equivalents at year-end are composed of:		
Cash		7,896,180
Cash and cash equivalents end of year		7,896,180

Notes to consolidated financial statements

1 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.

2 Staff costs

	2020/21
	EUR
Wages and salaries	2,917,675
Pension costs	179,386
Other social security costs	169,871
Other staff costs	(16,160)
	3,250,772
Average number of full-time employees	187

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2020/21
	EUR
Amortisation of intangible assets	3,987,743
Depreciation on property, plant and equipment	5,741
	3,993,484

4 Other operating expenses

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

5 Other financial expenses

	2020/21
	EUR
Exchange rate adjustments	451,331
Other financial expenses	2,775,971
	3,227,302

6 Tax on profit/loss for the year

	2020/21 EUR
Current tax	1,017,782
Change in deferred tax	(595,939)
	421,843

7 Proposed distribution of profit/loss

	2020/21 EUR
Retained earnings	(8,058,776)
	(8,058,776)

8 Intangible assets

	Acquired licences EUR	Acquired rights EUR	Goodwill EUR	Development projects in progress EUR
Addition through business combinations etc	52,975	2,590	0	0
Additions	0	45,781,019	48,709,924	18,450
Cost end of year	52,975	45,783,609	48,709,924	18,450
Addition through business combinations etc	0	(2,258)	0	0
Amortisation for the year	(50,620)	(1,907,543)	(2,029,580)	0
Amortisation and impairment losses end of year	(50,620)	(1,909,801)	(2,029,580)	0
Carrying amount end of year	2,355	43,873,808	46,680,344	18,450

9 Development projects

The group has launched a project regarding a new webshop. The project was started in 2021 and is expected to be completed and implemented during 2022. It is the management's assessment that the repayment period when the project is completed is approximately 3 years.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Addition through business combinations etc	639,687
Cost end of year	639,687
Addition through business combinations etc	(449,721)
Depreciation for the year	(5,741)
Depreciation and impairment losses end of year	(455,462)
Carrying amount end of year	184,225

11 Financial assets

	Deposits EUR
Addition through business combinations etc	44,674
Cost end of year	44,674
Carrying amount end of year	44,674

12 Prepayments

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

13 Contributed capital

At 31 December 2021, the share capital consisted of 40,000 shares with a nominal value of 0.01.

The shares are not divided into classes and carry no right to fixed income.

14 Deferred tax

	2020/21 EUR
Changes during the year	
Addition through business combinations etc	8,949,213
Recognised in the income statement	595,939
End of year	9,545,152

Deferred tax mainly relates to intangible assets etc.

15 Other payables

	2020/21 EUR
Other costs payable	31,371,310
	31,371,310

16 Non-current liabilities other than provisions

	Due after more than 12 months 2020/21 EUR	Outstanding after 5 years 2020/21 EUR
Debt to other credit institutions	38,632,989	15,400,930
Other payables	31,371,310	31,371,309
	70,004,299	46,772,239

17 Changes in working capital

	2020/21
	EUR
Increase/decrease in inventories	(807,267)
Increase/decrease in receivables	610,154
Increase/decrease in trade payables etc.	(44,674)
Other changes	602,420
	360,633

18 Unrecognised rental and lease commitments

	2020/21
	EUR
Total liabilities under rental or lease agreements until maturity	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 MidCo2 ApS towards the bank.

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 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Polaris Private Equity V K/S.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Polaris HoldCo ApS.

23 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

Parent income statement for 2020/21

	Notes	2020/21 EUR
Income from investments in group enterprises		(8,048,382)
Other financial expenses	2	(10,394)
Profit/loss for the year	3	(8,058,776)

Parent balance sheet at 31.12.2021

Assets

	Notes	2020/21 EUR
Investments in group enterprises		15,152,766
Financial assets		15,152,766
Fixed assets		15,152,766
Receivables from group enterprises		4,167,633
Receivables		4,167,633
Cash		61,618
Current assets		4,229,251
Assets		19,382,017

Equity and liabilities

	Notes	2020/21 EUR
Contributed capital		5,379
Revaluation reserve		1,933,317
Retained earnings		17,308,848
Equity		19,247,544
Trade payables		1
Payables to group enterprises		134,472
Current liabilities other than provisions		134,473
Liabilities other than provisions		134,473
Equity and liabilities		19,382,017
Events after the balance sheet date	1	
Employees	4	
Contingent liabilities	5	
Related parties with controlling interest	6	
Transactions with related parties	7	

Parent statement of changes in equity for 2020/21

	Contributed capital EUR	Revaluation reserve EUR	Retained earnings EUR	Total EUR
Contributed upon formation	5,379	0	107,577	112,956
Exchange rate adjustments	0	1,933,317	0	1,933,317
Group contributions etc.	0	0	25,260,047	25,260,047
Profit/loss for the year	0	0	(8,058,776)	(8,058,776)
Equity end of year	5,379	1,933,317	17,308,848	19,247,544

Notes to parent financial statements

1 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.

2 Other financial expenses

	2020/21
	EUR
Other interest expenses	1,300
Exchange rate adjustments	1,747
Other financial expenses	7,347
	10,394

3 Proposed distribution of profit and loss

	2020/21
	EUR
Retained earnings	(8,058,776)
	(8,058,776)

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 Related parties with controlling interest

Polaris MidCo1 ApS, Malmøgade 3, 2100 København Ø owns all shares in the Entity, thus exercising control.

7 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).

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials 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 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.

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 and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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.

Property, 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 minus 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:

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

Estimated useful lives and residual values are reassessed annually.

Items of property, 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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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 financial liabilities

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

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 property, 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.