



Contour Design Nordic A/S

Nyropsgade 43, 1.
1602 København V
CVR No. 27651240

Annual report 2022

The Annual General Meeting adopted the
annual report on 23.06.2023

Erik Stannow

Chairman of the General Meeting

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Entity details

Entity

Contour Design Nordic A/S

Nyropsgade 43, 1.

1602 København V

Business Registration No.: 27651240

Registered office: København

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Niels-Christian Worning

Erik Stannow

Jesper Mailind

Kenneth Schach

Executive Board

Kenneth Nielsen

Marianne Iversen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Contour Design Nordic A/S 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations 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

Kenneth Nielsen

Marianne Iversen

Board of Directors

Niels-Christian Worning

Erik Stannow

Jesper Mailind

Kenneth Schach

Independent auditor's report

To the shareholders of Contour Design Nordic A/S

Opinion

We have audited the financial statements of Contour Design Nordic A/S 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	86,945	58,603	24,546	18,972	15,718
Operating profit/loss	61,834	35,247	14,156	971	(2,122)
Net financials	(390)	(547)	(372)	-46	(123)
Profit/loss for the year	46,640	25,753	11,137	624	(2,153)
Total assets	75,577	72,840	70,480	67,719	73,623
Investments in property, plant and equipment	106	0	335	7	49
Equity	39,257	37,172	18,837	10,110	9,520
Ratios					
Return on equity (%)	122.05	91.96	76.95	6.36	(20.90)
Equity ratio (%)	51.94	51.03	26.73	14.93	12.93

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

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

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.

Contour Design Group made an operating profit of (EBIT) of DKK 61.8m 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 risks

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

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 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 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 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

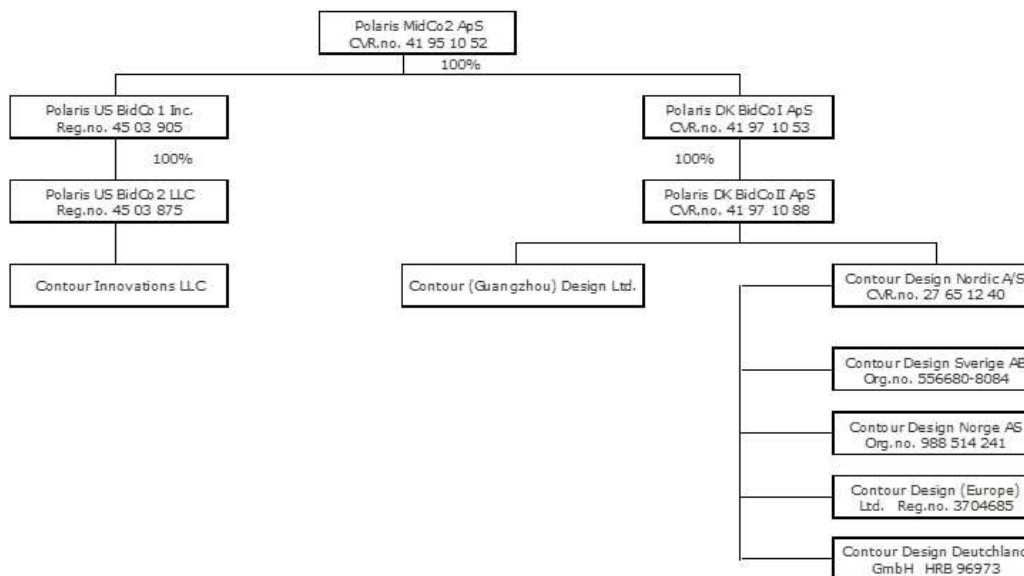
The Consolidated Annual Report of the Contour Design Group is prepared by the parent company, Polaris MidCo2 ApS and Polaris HoldCo ApS.

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.

The company sells its products through distributors and wholesalers in the local markets.

Contour Design in Denmark has 47 employees, of whom 36 are employed in Denmark, and 11 are employed in the subsidiaries. Approx 39% are female



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.

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).

Contour Design Group has also released an employee Code of Conduct for matters related to the physical and mental wellbeing in their respected work-areas. This entitles the employees to have access to leverage such as Whistleblower systems, pension initiatives, psychological help related to stress, and best practices while working (Employee Code of Conduct).

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, RTX A/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.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		86,945,470	58,603,301
Staff costs	1	(24,837,136)	(15,478,932)
Depreciation, amortisation and impairment losses	2	(273,839)	(325,347)
Other operating expenses		0	(7,551,697)
Operating profit/loss		61,834,495	35,247,325
Income from investments in group enterprises		426,148	393,080
Other financial income		559	86
Other financial expenses	3	(390,754)	(546,996)
Profit/loss before tax		61,870,448	35,093,495
Tax on profit/loss for the year	4	(15,230,435)	(9,340,855)
Profit/loss for the year	5	46,640,013	25,752,640

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	7	1,922,345	0
Development projects in progress	7	1,012,908	137,200
Intangible assets	6	2,935,253	137,200
Other fixtures and fittings, tools and equipment		102,616	23,831
Property, plant and equipment	8	102,616	23,831
Investments in group enterprises		2,195,996	1,982,599
Deposits		680,200	219,269
Financial assets	9	2,876,196	2,201,868
Fixed assets		5,914,065	2,362,899
Manufactured goods and goods for resale		32,220,397	14,018,649
Prepayments for goods		7,589,647	11,852,393
Inventories		39,810,044	25,871,042
Trade receivables		12,222,923	11,860,532
Receivables from group enterprises		117,349	12,214,766
Other receivables		1,015,000	1,015,000
Prepayments	10	1,226,310	232,996
Receivables		14,581,582	25,323,294
Cash		15,271,155	19,282,505
Current assets		69,662,781	70,476,841
Assets		75,576,846	72,839,740

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital	11	500,000	500,000
Translation reserve		(129,619)	13,982
Reserve for development expenditure		2,259,313	107,016
Retained earnings		5,627,092	551,415
Proposed dividend		31,000,000	36,000,000
Equity		39,256,786	37,172,413
Deferred tax	12	667,018	32,627
Other provisions	13	1,534,112	5,318,578
Provisions		2,201,130	5,351,205
Bank loans		138,118	184,126
Prepayments received from customers		4,418,272	6,857,572
Trade payables		7,167,328	3,358,768
Payables to group enterprises		14,078,838	8,658,946
Tax payable		0	25,455
Joint taxation contribution payable		5,902,079	8,174,758
Other payables		2,414,295	3,056,497
Current liabilities other than provisions		34,118,930	30,316,122
Liabilities other than provisions		34,118,930	30,316,122
Equity and liabilities		75,576,846	72,839,740
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Group relations	17		

Statement of changes in equity for 2022

	Contributed capital DKK	Translation reserve DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500,000	13,982	107,016	551,415	0
Ordinary dividend paid	0	0	0	0	0
Extraordinary dividend paid	0	0	0	0	(8,412,039)
Exchange rate adjustments	0	(143,601)	0	0	0
Transfer to reserves	0	0	2,152,297	(2,152,297)	0
Profit/loss for the year	0	0	0	7,227,974	8,412,039
Equity end of year	500,000	(129,619)	2,259,313	5,627,092	0

	Proposed dividend DKK	Total DKK
Equity beginning of year	36,000,000	37,172,413
Ordinary dividend paid	(36,000,000)	(36,000,000)
Extraordinary dividend paid	0	(8,412,039)
Exchange rate adjustments	0	(143,601)
Transfer to reserves	0	0
Profit/loss for the year	31,000,000	46,640,013
Equity end of year	31,000,000	39,256,786

Notes

1 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	21,557,038	13,361,350
Pension costs	2,585,219	1,528,895
Other social security costs	230,987	119,583
Other staff costs	463,892	469,104
	24,837,136	15,478,932

Average number of full-time employees	26	16
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	Remuneration of Management 2022 DKK
Executive Board	208,333
Board of Directors	3,343,917
	3,552,250

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 Board of Directors includes remuneration for the period that they have been a part of the Board of Directors in 2022.

The remuneration for 2021 is not disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

2 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	246,801	0
Depreciation of property, plant and equipment	5,469	14,062
Profit/loss from sale of intangible assets and property, plant and equipment	21,569	311,285
	273,839	325,347

3 Other financial expenses

	2022	2021
	DKK	DKK
Exchange rate adjustments	352,352	340,664
Other financial expenses	38,402	206,332
	390,754	546,996

4 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	12,928,601	9,310,980
Change in deferred tax	634,391	29,875
Adjustment concerning previous years	1,667,443	0
	15,230,435	9,340,855

5 Proposed distribution of profit and loss

	2022	2021
	DKK	DKK
Ordinary dividend for the financial year	31,000,000	36,000,000
Extraordinary dividend distributed in the financial year	8,412,039	7,436,200
Retained earnings	7,227,974	(17,683,560)
	46,640,013	25,752,640

Dividend distributed after the balance sheet date

Extraordinary dividend	5,000,000	0
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6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	0	137,200
Transfers	2,169,146	(2,169,146)
Additions	0	3,044,854
Cost end of year	2,169,146	1,012,908
Amortisation for the year	(246,801)	0
Amortisation and impairment losses end of year	(246,801)	0
Carrying amount end of year	1,922,345	1,012,908

7 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.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	364,876
Additions	105,823
Disposals	(45,220)
Cost end of year	425,479
Depreciation and impairment losses beginning of year	(341,045)
Reversal of impairment losses	23,651
Depreciation for the year	(5,469)
Depreciation and impairment losses end of year	(322,863)
Carrying amount end of year	102,616

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,720,478	219,269
Additions	0	664,600
Disposals	0	(203,669)
Cost end of year	2,720,478	680,200
Impairment losses beginning of year	(737,879)	0
Exchange rate adjustments	(143,601)	0
Share of profit/loss for the year	426,148	0
Investments with negative equity value depreciated over receivables	(69,150)	0
Impairment losses end of year	(524,482)	0
Carrying amount end of year	2,195,996	680,200

Investments in subsidiaries	Registered in	Equity interest %
Contour Design Norge A/S	Norway, Oslo	100.00
Contour Design Sverige AB	Sweden, Helsingborg	100.00
Contour Design (Europe) Limited	England	100.00
Contour Design Deutschland GmbH	Germany	100.00

10 Prepayments

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

11 Share capital

The share capital consists of 50 shares of a nominal value of DKK 10,000. No shares carry any special rights. There have been no changes in the share capital during the last 5 years

12 Deferred tax

	2022 DKK	2021 DKK
Intangible assets	645,756	30,184
Property, plant and equipment	(35,429)	(48,816)
Liabilities other than provisions	56,691	51,259
Deferred tax	667,018	32,627

Changes during the year	2022 DKK	2021 DKK
Beginning of year	32,627	2,752
Recognised in the income statement	634,391	29,875
End of year	667,018	32,627

13 Other provisions

Other provisions consist of the company'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.

14 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	9,082,214	1,678,783

The unrecognised rental and lease commitments consists of rental and lease agreements with an expiration date between 1 and 5 years.

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend 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.

16 Assets charged and collateral

As guarantee for debt to credit institutions the company has deposited DKK 1.015k of its cash. Consequently this cash is not at the company's disposal. The company's debt to the credit institutions concerned amounts to DKK 0 at the balance sheet date.

17 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Polaris HoldCo ApS, Denmark

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Polaris Midco 2 ApS, Denmark

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 financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, 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.

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 salaries and wages, 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 interest income, 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 Entity is jointly taxed with all 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

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress and completed projects.

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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-4 years.

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 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.

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.

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.

Prepayments

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

Cash

Cash comprises cash in bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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 receivable or payable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, no cash flow statements have been prepared.

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Erik Stannow

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Erik Stannow

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Kenneth Nielsen

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Jesper Mailind

Bestyrelsesmedlem

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