



Polaris Holdco ApS

Nyropsgade 43, 1.
1602 Copenhagen Ø
CVR No. 41950897

Annual report 2024

The Annual General Meeting adopted the
annual report on 21.05.2025

Niels-Christian Worning
Chairman of the General Meeting

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Entity details

Entity

Polaris Holdco ApS
Nyropsgade 43, 1.
1602 Copenhagen Ø

Business Registration No.: 41950897
Registered office: Copenhagen
Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Niels-Christian Worning
Allan Bach Pedersen
Henrik Bonnerup

Executive Board

Niels-Christian Worning, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Polaris Holdco ApS for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024.

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, 21.05.2025

Executive Board

Niels-Christian Worning
CEO

Board of Directors

Niels-Christian Worning

Allan Bach Pedersen

Henrik Bonnerup

Independent auditor's report

To the shareholders of Polaris Holdco ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Polaris Holdco ApS for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements and the parent financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 21.05.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) mne30131

Leon Thomas Ravn Fagerlind

State Authorised Public Accountant
Identification No (MNE) mne49914

Management commentary

Financial highlights

	2024	2023	2022	2021
	EUR'000	EUR'000	EUR'000	EUR'000
Key figures				
Gross profit/loss	15,177	16,199	16,485	7,899
Operating profit/loss	1,414	2,342	3,598	(4,508)
Net financials	(2,131)	(4,877)	(3,914)	(3,229)
Profit/loss for the year	(1,451)	(2,667)	(926)	(8,158)
Profit for the year excl. minority interests	(967)	(1,770)	(581)	(5,439)
Balance sheet total	87,647	94,041	99,432	105,550
Investments in property, plant and equipment	21	35	104	640
Equity	13,265	15,577	19,128	19,880
Equity excl. minority interests	8,857	10,396	12,808	13,265
Cash flows from operating activities	4,865	4,263	269	(516)
Cash flows from investing activities	(673)	(160)	(578)	(87,205)
Cash flows from financing activities	(4,205)	284	(4,579)	96,109
Ratios				
Equity ratio (%)	10.11	11.05	12.88	12.57

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

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

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

Development in activities and finances

The headwinds experienced end of 2023, especially driven by a product transition and slower adaption of new products than expected, continued through the first 3 quarters in 2024. Despite a double-digit growth of our RollerMouse Red products, it was not enough to close the overall loss of momentum from especially the product transition. By Q3 management decided to bring back RollerMouse Pro 3, which had an immediate positive impact on sales going into Q4.

In non-Nordic countries where the products impacted by the product transition was not similarly prevalent, Contour Design continued the positive momentum and experienced growth vs. 2023. Also, online sales and Americas kept the momentum.

To ensure cost effectiveness and to further optimize and drive scale in the business model, a right-sizing of the organization was done in the beginning of 2024. It was also decided to strengthen product development and product marketing functions further. End of 2024, group marketing has also been added resources to further strengthen digital marketing and brand awareness.

Operations in 2024 was running smoothly without out material challenges, further decreasing inventory and keeping the use of airfreight down.

The topline challenges, to some extend migrated by the right-sizing and fixed cost control, resulted in a loss before tax of kEUR 717 for the accounting period.

The management considers the result unsatisfactory.

Profit/loss for the year in relation to expected developments

The realized operational results for the year are lower than anticipated.

Uncertainty relating to recognition and measurement

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

Outlook

We carefully follow the uncertainties arising from the current global macro- and geopolitical environment, especially the impact from the tariffs recently introduced on US imported goods. We continue the focus on geographical expansion and value chain optimization, but we realize that due to the B2B market dynamics with slower adaptation of new products and general uncertain macroeconomic, the level of growth is more uncertain. Consequently, we expect earnings in 2025 to be between 3%-5% higher than in 2024.

Use of financial instruments

Market risks

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

Foreign exchange risk

Due to sales activities in foreign markets, cash flow and equity might be influenced by changes in interest levels and exchange rates for certain currencies. It is not the company policy to hedge commercial exchange risks. Hedging is not used to hedge open foreign exchange positions related to trading activities in foreign currencies, the company does not use speculative hedging. The company's foreign currency policy advocates reducing 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 the 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 has 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 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 the main emphasis on design and product development.

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

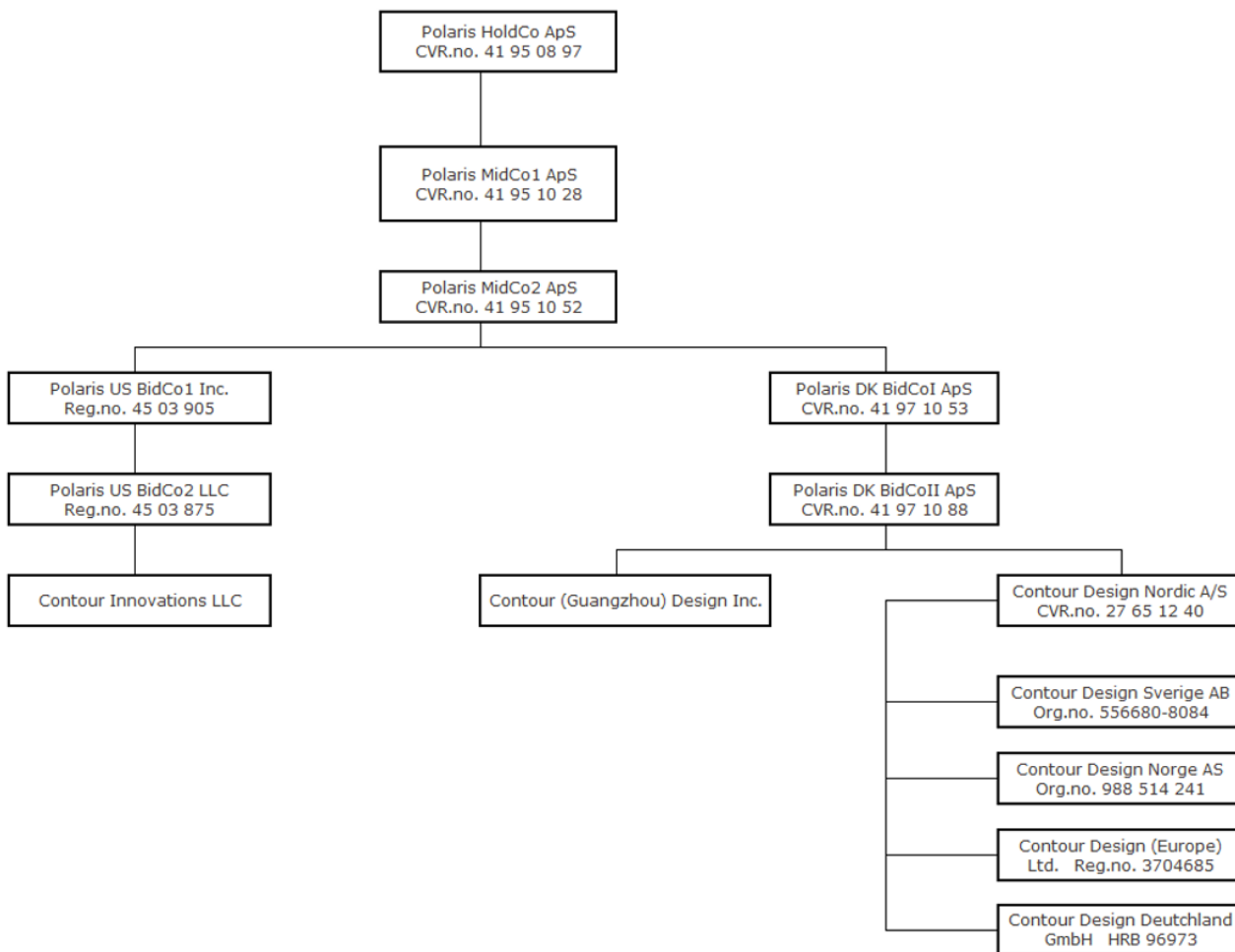
The Consolidated Annual Report of the Contour Design Group is prepared by the parent company, Polaris MidCo2 ApS and Polaris HoldCo ApS.

The private equity fund Polaris owns most 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 Group with head office in Denmark has 96 FTE's of which 10 are employed in the US and 47 in China incl. production. Design Nordic A/S, Denmark has 39 employees of which 5 are employed in the subsidiaries. Approx. 54,3% are female.

Contour Design Group



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.

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. Information to the Executive Board is provided systematically before and during meetings and 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.

Board of Directors in Polaris HoldCo ApS

Name	Executive Board Role in Contour Design Group	Other Board roles:
Allan Bach Pedersen	Chairman	Configit, Cepheo, Various companies related to Polaris
Niels-Christian Worning	Board Member	Various companies related to Polaris
Henrik Bonnerup	Board Member	Various companies related to Polaris

Statutory report on corporate social responsibility

In the Danish Financials Statements Act (ÅRL) Corporate Social Responsibility is defined in section 99a, according to which large companies are required to provide a non-financial statement accounting for environmental considerations, including the company's efforts to reduce the climate impact of the company activities, social responsibility working conditions as well as considerations in relation to the respect for human rights and the prevention of bribery and corruption.

Although not considered a large company in legal terms Contour Design is preemptively following the Danish law and therefore including its CSR progress and policy in the management statement in accordance with / ÅRL §99a, §99b, & §99d. Disclaimer: When reporting on the ÅRL §99a, §99b, & §99d Contour Design is covering the holding company Contour Design and not the Midco2 level due to the legislation. Contour Design are early adopters of the Statutory reporting in the financial management review. The differentiation of Midco2 and Contour Design will mainly affect our results and targets in §99b for underrepresented gender for the size of the company.

Contour Design has several policies for CSR in relation to the United Nations Sustainable Development Goals (SDG). Contour Designs core business strategy is mainly covering goals; SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 12 (Responsible consumption and production), SDG 13 (Climate action), SDG 16 (Peace, justice, and strong institutions). Contour Design is also using the UN Sustainable development goals for tracking of social commitments but choose not to disclose in the management review. The goals are published and are available to our stakeholders and employees in our annual sustainability report. Please refer to pages 13-15 in our Sustainability report. (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Contour_Design_Sustainability_report_2023_1.pdf?v=1713768783).

Our updated sustainability report covering the fiscal year 2024 will be released on World Environment day the 5th July 2025 but will be available at our website in May 2025. The report is using the same framework as last year and the references will be placed in the same order.

During 2024 Contour Design kept the focus on the management system covering all three areas of sustainability: human rights (including labor rights), environment and economy. The work has been aligned with internationally agreed principles and vetted by experts. All owned entities have been audited internally using the SEE impacts CSR tool. Contour design has continued the sustainable transition in the product line with the focus of

reintroducing the RollerMouse PRO3 with sustainable materials.

Find the latest ESG/Sustainable report and future expectations here covering reporting requirements under §99a in the Danish Financials Statements Act (ÅRL):

Page 3: Contour Design Sustainability report 2024 (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Contour_Design_Sustainability_report_2023_1.pdf?v=1713768783).

Contour policies for CSR and other topics related can be found on the group website:

<https://contourdesign.dk/pages/documentation>

Basic Business model

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.

The company is present in Denmark, America and China and has local employees in several European countries.

Environmental and climate-related considerations (§99a)

Contours Policy

At Contour Design, we are committed to doing our part to mitigate the effects of climate change and protect the environment for future generations. That is why in 2022 we signed up to the Science Based Targets initiative, a collaboration between the United Nations Global Compact, the World Resources Institute, the Worldwide Fund for Nature, and the Carbon Disclosure Project. The Science Based Targets initiative provides a framework for companies to set targets to reduce their greenhouse gas emissions in line with the latest climate research. By aligning our emissions reduction targets with the latest climate research, we can ensure that our efforts contribute to the global goal of keeping warming well below 1.5-2.5 degrees Celsius. As part of our commitment to the Science Based Targets initiative, we have set ambitious emissions reduction targets that cover our entire value chain.

Implementation

Contour Design is annually assessing our company carbon footprint for all scopes 1, 2, and 3. The Assessment is made in collaboration with a third-party company ensuring unbiased calculations and share of results. Contour Design has a strategy on decarbonization of scopes 1 and 2 and are working on reducing scope 3 through product Life Cycle Assessments. The Company carbon footprint is mainly covering Green House Gases (CO₂) for GHG reporting purposes. In 2024 Contour implemented a new standard for scope 3.1 calculations. Contour has in 2024 completed LCAs calculations for all SKUs. This meant that the primary data for scope 3.1 could be based on product production and CO₂ calculations only. It is a big step towards better primary data controlling for our environmental impacts reporting. Contour Design saw an increase in the CO₂ output mainly based on the scope 3.1 category. The increase in total was 8% and was related to higher production rates going from approx.. 190.000 units in 2023 to 220.000 Units in 2024 and due to the higher production rates of Aluminium based products (RollerMouse PRO3 and RollerMouse Red). See page 8 in the sustainability report 2024.

Contour Design is in addition to this conducting comprehensive Product Life Cycle Assessments following the ISO 14067 and ISO 14044 guidelines. The studies are a part of the decarbonization strategy for our scope 3 focusing on material purchases, manufacturing, assembly, packaging, distribution, usage, and recycling. In 2024 Contour completed the LCA calculations for all existing SKUs with the contribution of releasing training to the public on how the LCAs were conducted.

Results and future expectations

In 2024 Contour saw a slight increase in the total company carbon footprint calculations. With an increase of 8% in the total scheme compared to 2023 numbers. When focusing on production output and number of units produced we saw a small decrease in the average product carbon footprint. Going from an average product carbon footprint of 8.86 kg. CO₂-equivalents to 8.29 kg. CO₂ equivalents. The reduction of average CO₂ comes from the implementation of sustainable materials aluminium and plastics in the relaunched legacy product the PRO3.. Contour Design strives for growth in business while reducing our CO₂ which incentivize us to continue developing products with even lesser carbon footprint. Contour Design will continuously reduce scope 1 & 2 according to our commitment to the science based targets.

Identified Risks and mitigation actions

Being a company producing goods, the dependency on recycled materials will be a risk if availability declines and we therefore have to use less sustainable alternatives and more virgin material. The company is doing its utmost to monitor the supply situation and secure at the least 2 sources of supply as well as placing orders well ahead of delivery.

With possible disruption of global supply, the need to use air freight is a risk in the future for our logistics, which would be a more carbon heavy mean of transportation versus sea freight which is preferred. To mitigate the possible risks, we do our utmost to plan and forecast our inventory levels as well as utilizing full containers for sea freight.

Company Policies for sustainability and social responsibility (§99a)

The CSR policies contains information about policies for and activities and risks related to the following areas:

- Gender Equality Policy
- Biodiversity Policy
- Anti-Bribery and Corruption Policy
- Whistleblower Policy
- Due Diligence Policy
- Code of Conduct
- Diversity and Inclusion Policy

Tracking of policy and commitments (§99a)

Contour Designs Gender Equality policy ensuring equal rights for underrepresented genders is tracked through various means.

- Investigate and address any reports of discrimination, harassment, or violence in the workplace promptly.
- Conduct regular reviews of pay and promotion practices to ensure that they are fair and equitable.
- Establish a reporting mechanism to enable employees to report any concerns or issues related to gender equality.

The policy description, risks and mitigation is described in detail on page 10 of the management review.

Contour Designs Biodiversity Policy is tracked through:

- GHG (Greenhouse Gas) reduction targets.
- Waste monitoring.
- % of sustainable materials sourced.
- Product Life Cycle assessments.

All tracking of environmental, biodiversity, and social responsibility are mentioned in the yearly Contour Design

Sustainability report 3-4. And pages 13-15 for United Nations sustainable development goals.

Due diligence methodology (§99a)

Contour Design has a methodology for due diligence and follows each step, in collaboration with our operations and supply chain.

Link: https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Sustainability_due_diligence_methodology.pdf?v=1713525578

Company assessment of results in social and environmental responsibility (§99a)

Main Company KPIs and results of social and environmental responsibility are explained in our sustainability report pages 3-4: Contour Design Sustainability report (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Contour_Design_Sustainability_report_2023_1.pdf?v=1713768783).

Staff and working conditions (§99a)

Contour design conducts yearly Social, Environmental, and Economic self-assessments of all owned entities. All of these are conducted through the csrcloud.com platform. The results of the assessments are shared with relevant stakeholders including management and the Board.

Risks related to employee and social matters;

The main risks related to employee and social matters are related to work-related accidents in our production and employee stress related sick leave.

Mitigations related to employee and social matters;

Contour Design is conducting annual facility audits through occupational health and safety inspections for both production and office. Contour Design is training all personal with physical jobs in good and safe working practices. It is mandatory to report any near misses and accidents both physical and mentally. In 2024 no accidents were reported. We conduct employee satisfaction (Pulse check) twice a year to monitor mental health and working conditions in the offices. Based on this information concrete mitigating actions are taken.

Human Rights and business ethics (§99a)

Contour Design is committed to upholding human rights and ensuring that our operations and products do not contribute to human rights violations. Our initial human rights assessments have been conducted in accordance with the United Nations Guiding Principles on Business and Human Rights (UNPGs). To ensure the thoroughness and comprehensiveness of our human rights assessments, we have partnered with trusted experts who possess expertise in the area of business and human rights. These experts have assisted us in identifying potential human rights risks linked to our operations and products and have provided recommendations on how to mitigate these risks. We recognize, prevent, and alleviate the potential negative human rights effects of our operations, following the structure offered by the UNPGs. We have incorporated these principles into our process of assessing human rights in 2023. Contour Design conducted a comprehensive review of our policies, practices, and supply chain, engaging with stakeholders such as employees, customers, and local communities. We have identified areas for improvement in our human rights performance and developed an action plan to address these issues.

Risks related to human rights and business ethics

Contour Design risks that employees and/or suppliers fail to follow and comply with Contour Designs code of conduct covering human rights and business ethics. Human rights violations are completely unacceptable from a business ethics point of view and we will terminate contracts and operations with partners who are violating human rights.

Mitigation related to human rights and business ethics

We request that all suppliers and business partners sign our Code of Conduct including all human rights. This is an incorporated part of our business contracts.

Code of Conduct Business Relationships:

(https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Signed_Code_of_Conduct_for_Business_Relationships_-_Contour_Design.pdf?v=1667901903)

Our Employees are expected to comply with our employee code of conduct covering all aspects of the human rights. Understanding and agreeing to our code of conduct is part of our onboarding and further training of employees will be initiated as a brush up.

Anti-Corruption policy (§99a)

Contour Design is committed to conducting business with integrity and opposes bribery and corruption. We prohibit all forms of bribery or corruption, direct or indirect. This includes improper inducements, preferential treatment, misusing company assets, conflicts of interest, and concealing or falsifying information. All employees, contractors, agents, and third parties must comply with this policy and report any suspected or actual incidents of bribery or corruption. We have an anti-bribery policy, conduct risk assessments, provide training, and periodically review our Anti-Bribery Management System.

Risks of bribery and corruption

In any business relation there is a risk of violating the anti-corruption policy: Offering, giving, or receiving bribes, gifts, or any other improper inducements to any person, including government officials, customers, suppliers, agents, consultants, or other third parties.

Making or accepting payments or other financial or non-financial advantages in exchange for preferential treatment, influence, or business opportunities as well as Misusing company assets or resources for personal gain or benefit. Failing to disclose conflicts of interest or engaging in activities that could create conflicts of interest. Concealing or falsifying information or documentation to cover up bribery or corruption.

At Contour design, we will respond appropriately to any incidents of bribery or corruption, and corrective and preventive actions will be taken. We are committed to upholding the highest ethical standards and complying with all applicable laws and regulations.

Mitigation of anti-bribery and corruption:

Contour Design has created a gift policy in line with the UK and EU bribery act. Furthermore, Contour Design has created a gift registry for transparency of gifting of every kind between stakeholders, employees, and partners.

Anti bribery and corruption policy:

(https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Anti_Bribery_and_Corruption_Policy_-_Contour_Design.pdf?v=1681219872).

Contour Design has whistle policy available on our website. Allowing stakeholders, customers, employees etc. to report any suspicious circumstances in our value-chain.

Whistleblower policy:

(https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Whistleblower_Policy_-_Contour_Design.pdf?v=1681219872).

Non-financial KPIs (§99a)

Main Company KPIs and results of social and environmental responsibility are explained in our sustainability report pages 3-4: Contour Design Sustainability report (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Contour_Design_Sustainability_report_2023_1.pdf?v=1713768783).

The KPIs are tracking at least 3 years back for the annual reports.

Financial references to sustainability (§99a)

Contour Design does not track financial references towards sustainability in our annual financial report. From a governance perspective we do not see any financial risks in related to sustainability.

Target gender equality and underrepresented genders (§99b)

As part of Contour Design's commitment to gender equality, the total number of female employees is tracked on an annual basis. Contour Design is committed to having an equal and diverse workplace that is inclusive for all. Recruitment processes have as far as possible been designed to ensure unbiased onboarding. This means a diverse recruitment pool is prioritized in the recruitment process. At Contour Design the underrepresented gender is female. The reporting of §99b.

Statutory report on the underrepresented gender

	2024	2023	2022
Supreme management body			
Total number of members	4	4	4
Underrepresented gender (%)	-	-	-

Contour Design in the past 3 years (base year) been monitoring 2 genders for our employees (male or female). The 3 levels that Contour Design is monitoring are the Board and the management level (reporting to the CEO). In the tables below:

	2024	2023	2022
Other management levels			
Total number of members	24	25	20
Underrepresented gender (%)	46.00	44.00	45.00

Contour Design contributes to SDG 5.5, which calls for women's full participation and equal leadership opportunities by 2030, and SDG 8.5, which aims to achieve equal pay for work of equal value by 2030. Contour Design Nordics CFO, Head of Sustainability & Compliance, and HR completed the UN Global Compact target gender equality course in 2023. The course has helped us set ambitious corporate targets for women's representation, equal pay, and leadership in our operations. In 2024 we have implemented a Diversity and Inclusion policy for all Contour Employees to be introduced to. The policy was presented by the CFO at a global townhall meeting with follow-up in training for all employees to go through.

The first initiative of Contour Design gender equality is to create Diversity and inclusion training including gender equality targets for all employees to complete every year. Also Contour Design is considering the gender pay gap in yearly salary reviews.

Mitigations of underrepresented gender

Contour Design supports the recommendation of our owners which indicates a short term target of 20% (1 out of 5) by 2025 and a long term target of 40% representation of female in our board with specific target years to be

defined. At the moment there are no females represented in the board. The board has a relatively short seniority and by default represented by our owners.

Contour Design has set a target of >40% underrepresented genders in other management levels. Contour Design has in 2024 had a total of 45,83% of the underrepresented gender which is meeting our target for gender distribution for other management level in 2024 and is an equal gender distribution.

Contour Design is publishing our underrepresented gender gaps in our yearly sustainability report as a non-financial KPI required by investors and shareholders.

Contour Design complies to the reporting law including every fiscal year since the baseline year was conducted in 2020.

Our Gender equality policy can be found here: Gender equality policy (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Gender_Equality_Policy_-_Contour_Design.pdf?v=1681219872).

Statutory report on data ethics policy

Company data ethics including policies (§99d)

Contour Design has a policy for data called privacy policy. The privacy policy includes Whistle blower data ethics, how we store data and for how long, references to the General data Protection Regulation (GDPR) and the rights that data providers (Personal/professional) have to their data.

Link: Privacy Policy (https://cdn.shopify.com/s/files/1/0625/9965/9766/files/Privacy_Policy_-_Contour_design_2023.pdf?v=1681219872).

Events after the balance sheet date

Contour Design has entered into a definitive agreement to acquire the Active Key business from Cherry SE. Active Key, based in Germany, is a recognized provider of high-quality, specialized keyboards and mice designed for environments where cleanliness, durability, and reliability are critical, including medical and industrial spaces. By integrating Active Key's expertise in hygiene-oriented technology with Contour's ergonomic innovation, the company will offer an even broader, more comprehensive product portfolio to its global customer base. The acquisition, which includes all relevant employees and assets, is expected to close in the coming weeks, subject to regulatory approvals. Cherry SE and Contour Design are working collaboratively to ensure a seamless transition.

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

Consolidated income statement for 2024

	Notes	2024 EUR	2023 EUR
Gross profit/loss		15,176,861	16,199,389
Staff costs	1	(6,780,679)	(6,939,003)
Depreciation, amortisation and impairment losses	2	(6,981,698)	(6,918,098)
Operating profit/loss		1,414,484	2,342,288
Other financial income		424,547	105,436
Other financial expenses	3	(2,555,582)	(4,982,140)
Profit/loss before tax		(716,551)	(2,534,416)
Tax on profit/loss for the year	4	(734,677)	(132,415)
Profit/loss for the year	5	(1,451,228)	(2,666,831)

Consolidated balance sheet at 31.12.2024

Assets

	Notes	2024 EUR	2023 EUR
Completed development projects	7	241,393	198,919
Acquired rights		34,062,800	37,332,829
Goodwill		36,242,016	39,721,249
Development projects in progress	7	651,333	230,907
Intangible assets	6	71,197,542	77,483,904
Other fixtures and fittings, tools and equipment		123,605	155,017
Property, plant and equipment	8	123,605	155,017
Deposits		124,858	116,082
Financial assets	9	124,858	116,082
Fixed assets		71,446,005	77,755,003
Raw materials and consumables		319,558	746,186
Manufactured goods and goods for resale		5,317,479	4,578,389
Prepayments for goods		145,421	0
Inventories		5,782,458	5,324,575
Trade receivables		2,203,232	2,151,519
Deferred tax	10	5,449	130,941
Other receivables		123,237	416,975
Tax receivable		0	167,721
Prepayments	11	209,753	205,512
Receivables		2,541,671	3,072,668
Cash		7,876,504	7,889,044
Current assets		16,200,633	16,286,287
Assets		87,646,638	94,041,290

Equity and liabilities

	Notes	2024 EUR	2023 EUR
Contributed capital	12, 13	1,718,072	1,718,072
Translation reserve		667,457	1,181,895
Retained earnings		6,471,296	7,496,436
Equity belonging to Parent's shareholders		8,856,825	10,396,403
Equity belonging to minority interests		4,408,098	5,180,304
Equity		13,264,923	15,576,707
Deferred tax	10	7,696,624	8,304,353
Other provisions	14	0	678,635
Provisions		7,696,624	8,982,988
Debt to other credit institutions		27,550,574	29,884,698
Other payables		32,990,104	34,372,953
Non-current liabilities other than provisions	15	60,540,678	64,257,651
Current portion of non-current liabilities other than provisions	15	2,400,000	2,800,000
Trade payables		1,204,160	1,217,224
Tax payable		351,173	0
Other payables		2,189,080	1,206,720
Current liabilities other than provisions		6,144,413	5,223,944
Liabilities other than provisions		66,685,091	69,481,595
Equity and liabilities		87,646,638	94,041,290
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Non-arm's length related party transactions	20		
Group relations	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2024

	Contributed capital EUR	Translation reserve EUR	Retained earnings EUR	Equity belonging to Parent's shareholders EUR	Equity belonging to minority interests EUR
Equity beginning of year	1,718,072	1,181,895	7,496,436	10,396,403	5,180,304
Exchange rate adjustments	0	(514,438)	0	(514,438)	(258,455)
Other entries on equity	0	0	(58,349)	(58,349)	(29,314)
Profit/loss for the year	0	0	(966,791)	(966,791)	(484,437)
Equity end of year	1,718,072	667,457	6,471,296	8,856,825	4,408,098
					Total EUR
Equity beginning of year					15,576,707
Exchange rate adjustments					(772,893)
Other entries on equity					(87,663)
Profit/loss for the year					(1,451,228)
Equity end of year					13,264,923

Consolidated cash flow statement for 2024

	Notes	2024 EUR	2023 EUR
Operating profit/loss		1,414,484	2,342,288
Amortisation, depreciation and impairment losses		6,981,698	6,918,098
Other provisions		(678,635)	472,340
Working capital changes	16	749,197	1,088,073
Currency translation adjustments of net investments		(772,893)	(954,911)
Cash flow from ordinary operating activities		7,693,851	9,865,888
Financial income received		424,547	105,436
Financial expenses paid		(2,555,582)	(4,982,140)
Taxes refunded/(paid)		(698,020)	(726,384)
Cash flows from operating activities		4,864,796	4,262,800
Acquisition etc. of property, plant and equipment		(663,924)	(176,426)
Sale of property, plant and equipment		0	21,355
Acquisition of fixed asset investments		(8,776)	(4,563)
Cash flows from investing activities		(672,700)	(159,634)
Free cash flows generated from operations and investments before financing		4,192,096	4,103,166
Loans raised		0	32,684,698
Repayments of loans etc.		(4,116,973)	(32,471,153)
Acquisition/sale of treasury shares		(87,663)	70,840
Cash flows from financing activities		(4,204,636)	284,385
Increase/decrease in cash and cash equivalents		(12,540)	4,387,551
Cash and cash equivalents beginning of year		7,889,044	3,501,493
Cash and cash equivalents end of year		7,876,504	7,889,044
Cash and cash equivalents at year-end are composed of:			
Cash		7,876,504	7,889,044
Cash and cash equivalents end of year		7,876,504	7,889,044

Notes to consolidated financial statements

1 Staff costs

	2024	2023
	EUR	EUR
Wages and salaries	5,962,520	6,231,580
Pension costs	548,853	500,799
Other social security costs	269,306	206,624
	6,780,679	6,939,003
Average number of full-time employees	110	118

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 the period 2021 - 2024.

Warrants is granted in Polaris MidCo1 ApS. A total of 118.286.603 warrants have been granted.

The Executive Officer has not received any remuneration.

2 Depreciation, amortisation and impairment losses

	2024	2023
	EUR	EUR
Amortisation of intangible assets	6,929,200	6,855,759
Depreciation on property, plant and equipment	52,498	62,339
	6,981,698	6,918,098

3 Other financial expenses

	2024	2023
	EUR	EUR
Exchange rate adjustments	0	1,408
Other financial expenses	2,555,582	4,980,732
	2,555,582	4,982,140

4 Tax on profit/loss for the year

	2024	2023
	EUR	EUR
Current tax	1,161,675	884,172
Change in deferred tax	(488,900)	(734,392)
Adjustment concerning previous years	61,902	(17,365)
	734,677	132,415

5 Proposed distribution of profit/loss

	2024	2023
	EUR	EUR
Retained earnings	(966,791)	(1,769,685)
Minority interests' share of profit/loss	(484,437)	(897,146)
	(1,451,228)	(2,666,831)

6 Intangible assets

	Completed development projects EUR	Acquired rights EUR	Goodwill EUR	Development projects in progress EUR
Cost beginning of year	338,605	45,783,609	48,709,924	230,907
Transfers	222,412	0	0	(222,412)
Additions	0	0	0	642,838
Cost end of year	561,017	45,783,609	48,709,924	651,333
Amortisation and impairment losses beginning of year	(139,686)	(8,450,780)	(8,988,675)	0
Amortisation for the year	(179,938)	(3,270,029)	(3,479,233)	0
Amortisation and impairment losses end of year	(319,624)	(11,720,809)	(12,467,908)	0
Carrying amount end of year	241,393	34,062,800	36,242,016	651,333

7 Development projects

The company is developing a new webshop and new products which are expected to be launched during 2025 and 2026. 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 EUR
Cost beginning of year	704,244
Additions	21,086
Cost end of year	725,330
Depreciation and impairment losses beginning of year	(549,227)
Depreciation for the year	(52,498)
Depreciation and impairment losses end of year	(601,725)
Carrying amount end of year	123,605

9 Financial assets

	Deposits EUR
Cost beginning of year	116,082
Additions	8,776
Cost end of year	124,858
Carrying amount end of year	124,858

10 Deferred tax

	2024 EUR	2023 EUR
Changes during the year		
Beginning of year	(8,173,412)	(7,569,961)
Recognised in the income statement	488,900	(734,392)
Currency adjustment	(12,112)	0
Reclassification deferred tax assets	5,449	130,941
End of year	(7,691,175)	(8,173,412)

	2024 EUR	2023 EUR
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	5,449	130,941
Deferred tax liabilities	(7,696,624)	(8,304,353)
	(7,691,175)	(8,173,412)

Deferred tax relates to intangible assets and plant and equipment.

Deferred tax assets

Deferred tax assets is recognized in the annual report, because the group expects it to be used within the next 3-5 years.

11 Prepayments

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

12 Contributed capital

At 31 December 2024, the share capital consisted of 12,776,442.05 shares with a nominal value of 0.01.

The shares are not divided into classes and carry no right to fixed income. There have been no changes to the contributed capital in 2024.

13 Treasury shares

	Number	Recorded par value EUR	Share of contributed capital %
Own shares	46,736,739	62,650	2.43
Warrants	21,146,740	28,347	0.00
Investments acquired	67,883,479	90,997	2.43

The group have purchased own shares from an earlier employee.

14 Other provisions

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

15 Non-current liabilities other than provisions

	Due within 12 months 2024 EUR	Due within 12 months 2023 EUR	Due after more than 12 months 2024 EUR	Outstanding after 5 years 2024 EUR
Debt to other credit institutions	2,400,000	2,800,000	27,550,574	17,950,574
Other payables	0	0	32,990,104	32,990,104
	2,400,000	2,800,000	60,540,678	50,940,678

16 Changes in working capital

	2024 EUR	2023 EUR
Increase/decrease in inventories	(457,883)	2,155,541
Increase/decrease in receivables	237,784	1,162,488
Increase/decrease in trade payables etc.	969,296	(2,229,956)
	749,197	1,088,073

17 Unrecognised rental and lease commitments

	2024	2023
	EUR	EUR
Total liabilities under rental or lease agreements until maturity	885,716	1,357,097

18 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.

19 Assets charged and collateral

The group is jointly and severally liable under a suretyship agreement, with no right of excussion, issued in favour of Polaris DK BidColl ApS and Contour Design Nordic A/S.

The group has also issued security over all shares in Polaris DK BidCol ApS towards the bank for the bank loan in Polaris DK BidCol I ApS.

The group has pledged unlisted shares in Polaris MidCo2 ApS in the amount of DKK 40.000 as part of the liability for Polaris DK BidColl ApS and Contour Design Nordic A/S, furthermore the group has pledged unlisted shares in Contour Design Nordic A/S in the amount of DKK 500.000 as part of the liability.

20 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.

Information on the remuneration to Management appears from note 1, "Staff costs".

21 Group relations

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

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Polaris DK Bidcol ApS	Denmark	ApS	66.56
Polaris DK Bidcoll ApS	Denmark	ApS	66.56
Contour Design Nordic A/S	Denmark	A/S	66.56
Contour Design Sverige AB	Sweden	AB	66.56
Contour Design Norge AS	Norway	AS	66.56
Contour Design (Europe) Ltd.	UK	Ltd.	66.56
Contour Guanzhou Design Ltd.	China	Ltd.	66.56
Polaris US Bidco1 Inc.	USA	Inc.	66.56
Polaris US Bidco2 Inc.	USA	Inc.	66.56
Contour Innovations LLC	USA	LLC	66.56
Contour Design Deutschland GmbH	Germany	GmbH	66.56
Polaris Midco 1 ApS	Denmark	ApS	66.56
Polaris Midco 2 ApS	Denmark	ApS	66.56

Parent income statement for 2024

	Notes	2024 EUR	2023 EUR
Gross profit/loss		(7,879)	(6,308)
Income from investments in group enterprises		(964,239)	(1,789,723)
Other financial income	1	4,776	37,892
Other financial expenses		(168)	(4,691)
Profit/loss before tax		(967,510)	(1,762,830)
Tax on profit/loss for the year	2	719	(6,855)
Profit/loss for the year	3	(966,791)	(1,769,685)

Parent balance sheet at 31.12.2024

Assets

	Notes	2024 EUR	2023 EUR
Investments in group enterprises		8,774,013	10,311,039
Financial assets	4	8,774,013	10,311,039
Fixed assets		8,774,013	10,311,039
Receivables from group enterprises		128,648	91,485
Joint taxation contribution receivable		719	0
Receivables		129,367	91,485
Cash		5,826	7,038
Current assets		135,193	98,523
Assets		8,909,206	10,409,562

Equity and liabilities

	Notes	2024 EUR	2023 EUR
Contributed capital		1,718,072	1,718,072
Retained earnings		7,138,753	8,678,331
Equity		8,856,825	10,396,403
Payables to group enterprises		46,141	0
Tax payable		0	6,859
Other payables		6,240	6,300
Current liabilities other than provisions		52,381	13,159
Liabilities other than provisions		52,381	13,159
Equity and liabilities		8,909,206	10,409,562
Employees	5		
Contingent liabilities	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2024

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	1,718,072	8,678,331	10,396,403
Exchange rate adjustments	0	(514,438)	(514,438)
Other entries on equity	0	(58,349)	(58,349)
Profit/loss for the year	0	(966,791)	(966,791)
Equity end of year	1,718,072	7,138,753	8,856,825

Notes to parent financial statements

1 Other financial income

	2024	2023
	EUR	EUR
Financial income from group enterprises	3,700	1,382
Other interest income	1,076	36,510
	4,776	37,892

2 Tax on profit/loss for the year

	2024	2023
	EUR	EUR
Current tax	0	6,861
Adjustment concerning previous years	0	(6)
Refund in joint taxation arrangement	(719)	0
	(719)	6,855

3 Proposed distribution of profit and loss

	2024	2023
	EUR	EUR
Retained earnings	(966,791)	(1,769,685)
	(966,791)	(1,769,685)

4 Financial assets

	Investments in group enterprises EUR
Cost beginning of year	17,248,048
Cost end of year	17,248,048
Revaluations beginning of year	(6,937,009)
Exchange rate adjustments	(514,438)
Share of profit/loss for the year	(964,239)
Other adjustments	(58,349)
Revaluations end of year	(8,474,035)
Carrying amount end of year	8,774,013

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

5 Employees

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

6 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.

7 Related parties with controlling interest

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

8 Transactions with related parties

	Subsidiaries
	EUR
Income from investments in group companies	964,239
Interest income from group companies	3,700
Receivables from group companies	128,648
Payables to group companies	(46,141)

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

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

Basis of consolidation

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

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

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time

of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

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

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

Income statement

Gross profit or loss

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

Revenue

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

Other operating income

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

Cost of sales

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

Income from investments in group enterprises

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

Other financial income

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

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet**Goodwill**

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

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

Other intangible assets

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

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

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

The amortisation period is:

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

Intellectual property rights etc.

Intellectual property rights etc comprise development projects in progress.

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

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

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

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

Plant and equipment

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

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

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

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

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

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

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

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

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

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

Inventories

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

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

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

Receivables

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

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.

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.

Joint taxation contributions payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

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

Minority interests

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

Other provisions

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

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

Other financial liabilities

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

Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and plant and equipment.

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

Cash and cash equivalents comprise cash.