

Harman Professional Denmark ApS

Olof Palmes Alle 44. 8200 Aarhus N

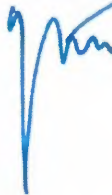
CVR no . 11 80 57 44

Annual report

for the period 1 January 2019 - 31 December 2019

Approved at the Company's annual general meeting on 16 September 2020

Chairman:

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Harman Professional Denmark ApS for the financial year 1 January 2019 - 31 December 2019.

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

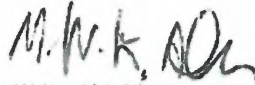
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January 2019 - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

16 September 2020

Executive Board:



Marcus W. Kendrick Allen
CEO

Board of Directors:



Frank Georg Donald Groth
Chairman

John Stacey

Francis Edwin Rivera Espritu

Independent Auditor's Report

To the Shareholders of Harman Professional Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Harman Professional Denmark APS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements. We did not identify any material misstatements in Management's Review. In connection with our reading, however, we have found that the Management's Review is missing a complete presentation of the Company's CSR report and report of the gender composition in management, which is contrary to the Danish Financial Statements Act.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with the Danish accounting legislation

Contrary to section 12 of the Danish Bookkeeping Act, the Company keeps its accounting records abroad for which Management may incur liability.

Aalborg 16 September 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



Line Borregaard
State Authorised Public Accountant
Mne34353

Management's review

Company details

Name	Harman Professional Denmark ApS
Address, Postal code, City	Olof Palmes Allé 44, 8200 Aarhus N
CVR no.	11 80 57 44
Established	1 July 1987
Registered office	Aarhus
Financial year	1 January 2019 - 31 December 2019

Website	www.harman.com
E-mail	info@harman.dk

Telephone	+45 87 40 00 00
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Board of Directors	Frank Georg Donald Groth, Chairman John Stacey Francis Edwin Rivera Espiritu Sandra Ehret Rowland (Resigned: 31 August 2020)
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Executive Board	Marcus W. Kendrick Allen, CEO
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Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg CVR No 33 77 12 31
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Management's review

Financial highlights

DKK'000	2019 12 months	2018 12 months	2016/17* 18 months	2015/16 12 months	2014/15 12 months
Key figures					
Revenue	131,092	1,037,350	1,716,416	1,302,493	1,095,759
Operating profit/loss	-14,369	12,658	-59,579	109,753	196,181
Value adjustments of investments in group enterprises	2,133	2,266	-31,444	54,064	-14,159
Net financials	36,602	-72,040	16,319	-4,058	20
Profit/loss before tax	24,339	-57,116	-61,702	138,249	182,042
Profit/loss for the year	26,393	-48,928	-58,741	121,269	135,189
Fixed assets	89,718	99,156	182,053	315,391	253,961
Non-fixed assets	245,375	384,063	362,820	798,809	952,107
Total assets	335,093	483,219	541,551	1,114,200	1,206,068
Equity	251,638	225,390	262,939	770,730	649,461
Non-current liabilities other than Provisions	27,924	14,082	14,731	26,159	26,231
Current liabilities other than provisions	55,531	243,748	263,881	317,311	530,376
Cash flows from operating activities	92,944	-6,546	402,094	224,487	-247,035
Net cash flows from investing activities	-40,106	10,267	58,316	-48,040	-57,402
Investment in property, plant and equipment	-30,826	-14,559	-32,535	-7,272	-15,757
Cash flows from financing activities	23,640	11,380	-503,888	0	0
Financial ratios					
Operating margin	-11%	1.2%	-3.5%	8.4%	17.9%
Solvency ratio	75.1%	46.6%	48.6%	69.2%	53.8%
Return on equity	9.7%	-20%	-11.4%	17.1%	23.2%
Average number of employees	125	155	228	272	341

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

Harman Professional Denmark's main activity consists of development, design, marketing and sales of intelligent lighting for the entertainment and experience industry.

Facts about Harman Professional Denmark

Harman Professional Denmark is based in Aarhus and is the world's largest and leading developer of computer-controlled power light. The Company also has significant business activity in video surveillance screens, controllers and smokers.

The company is part of the American Harman Group, and the ultimate group parent company Samsung Electronics Co. Ltd.

Harman Professional Denmark is the Harman Center of Competence in Dynamic Lighting Solutions, dedicated to the entertainment and entertainment industry across most of the globe.

Primary markets in North America, Europe and Asia.

Group overview



Harman Professional Denmark ApS has branches in Sweden and Norway.

Management's review

Financial review

The financial reporting period comprises 1 January 2019 to 31 December 2019, corresponding to 12 months.

As mentioned in the previous year's management report the business had undergone a large re-organisation in the past period which was completed in this period with the positive move of Harman Professional Denmark ApS into new offices from the Olof Palmes Allé 18 to Olof Palmes Allé 44. During the year there was the merger of the Consumer business into the company - this took place on 30th November 2018 and so will further improve revenues in the coming years. The company successfully completed a project to move to a new Group wide ERP system which went live in January 2019.

In 2019 the Company reported revenue of 131 DKK million and 1,037 DKK million last year.

The income statement for 2019 shows a profit of 26,4 DKK million against a loss of 48,9 DKK million last year and on the balance sheet at 31 December 2019 shows an equity of 251,6 DKK million and 225,4 DKK million last year. The 2018 loss is due mostly due to the alignment to the Samsung policy accounting policy for the capitalization of Research and development activities costs, which resulted in to an aggressive acceleration of the capitalization of the R&D costs for 47 DKK million.

Management considers the Company's financial performance in the year to be satisfactory compared to the expectation in the Annual report for 2018 taking into consideration the changed business set up.

Significant change in operations and financial matters

As of 1st January 2019, Harman Professional Denmark Aps sold the entire inventory to Harman group companies at fair value as of 31st December 2018 balances. The sale of the inventory has shift the Harman Professional Denmark Aps strategy to royalty revenues bases.

Unusual conditions that effect recognition and measurement

There are no unusual factors that have affected recognition and measurement of the company's results and status.

External environment

As we are a development and trading company, we believe that we do not directly affect the external environment.

Special risks

Due to its operation and investment, the company is exposed to changes in exchange rates and general operating risks in the industry.

Research and development activities

Harman Professional Denmark wants to be the leader in the market with new innovative products and therefore invests significant amounts in research and development with the aim of maintaining its strong range of products and keeping a competitive advantage compared to other lighting manufacturers. In order to achieve this goal, the company requires a highly skilled workforce. Therefore, an agreement has been entered into at group level regarding development of products.

During the financial year 2019, the company has conducted research and development activities that focus on research on new product technologies as well as the development of new products and maintenance of existing products. Research and development activities mainly concern LED products as well as multimedia solutions.

A high level of activity in research and development is also expected in the future in order to maintain the brands position.

Management's review (continued)

Statutory CSR report

Harman Professional Denmark, as part of the Harman Group, have policies for social responsibility, including human rights and the impact on the climate of the company's activities and the environment. The company adopted the Harman Group's corporate social responsibility policies and all the Harman Group companies must at least comply with the relevant laws and regulations in the countries where companies operate.

Account of the gender composition of Management

The Board of Directors consist of 3 non-employee elected members. The proportion of women on the board was until 31 August 2020 1 person corresponding to 33% which is consistent with the 2018 position. The number of female executives in Harman Professional was 1 for top management in the board of Directors and 1 for other manager corresponding to 2 women for Harman Professional Denmark ApS as of 31st December 2019.

Harman Professional Denmark and the Harman Group has developed a policy to ensure that the proportion of women at senior management is increased. When implanting the policy a framework has been established for the individual management's career development, mentoring and networking. The proportion of women in management is currently lower than hoped for due to the impact of the prior year's restructuring activity and we expect this to improve in the future.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

All events subsequent to the date of the financial statements and for which Danish GAAP require adjustment or disclosure have been adjusted or disclosed. We have assessed how the effects of the COVID-19 outbreak affect/might affect future development and/or risks that can affect future financial reporting. At this stage we are currently reviewing the impact from COVID-19 and implementing measures to reduce costs until the business returns to normal. The business remains in financial good standing with the support of Samsung behind it and we expect things to return to normal through the 2nd half of 2020.

Outlook

For 2020 the Company expects to report revenue of approx. 105 DKK million and an earnings in the EBIT level of 20 DKK million due to the end of one-off charges. The Samsung Group, if required, will provide the credit facilities required for the realization of the budgeted activities.

Significant assumptions and uncertainties

There are no material conditions and uncertainties to affect the company's results and balance sheet.

Financial statements 1 January 2019 - 31 December 2019

Income statement

Note	DKK'000	2019	2018
3	Revenue	131,092	1,037,350
16	Production costs	-18,318	-622,441
	Gross margin	112,774	414,909
16	Distribution costs	-67,651	-310,148
16	Administrative expenses	-59,519	-92,103
	Operating profit/loss	-14,396	12,658
	Profit/loss before net financials	-14,396	12,658
	Income/loss from investments in group enterprises	2,133	2,266
4	Financial income	45,209	3,256
5	Financial expenses	-8,607	-75,296
	Profit/loss before tax	24,339	-57,116
6	Tax for the year	2,054	8,188
	Profit/loss for the year	26,393	-48,928

Financial statements 1 January 2019 - 31 December 2019

Balance sheet

Note	DKK'000	2019	2018
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	9,771	19,686
	Acquired licenses	30	2,349
	Development projects in progress and prepayments for intangible assets	11,655	16,265
		<u>21,456</u>	<u>38,300</u>
8	Property, plant and equipment		
	Property	21,460	0
	Plant and machinery	373	5,621
	Fixtures and fittings, other plant and equipment	40,032	48,518
	Leasehold improvements	646	973
		<u>62,511</u>	<u>55,112</u>
9	Investments		
	Investments in group enterprises	5,030	5,030
	Investments in associates	503	503
	Deposits	218	211
		<u>5,751</u>	<u>5,744</u>
	Total fixed assets	<u>89,718</u>	<u>99,156</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	0	150,211
		<u>0</u>	<u>150,211</u>
11	Receivables		
	Trade receivables	883	746
	Receivables from group enterprises	107,595	131,837
13	Deferred tax assets	10,964	7,737
	Other receivables	7,005	50,576
	Short-term income tax receivable	0	1,051
10	Prepayments	3,582	3,037
		<u>130,029</u>	<u>194,984</u>
	Cash	<u>115,346</u>	<u>38,868</u>
	Total non-fixed assets	<u>245,375</u>	<u>384,063</u>
	TOTAL ASSETS	<u>335,093</u>	<u>483,219</u>

Financial statements 1 January 2019 - 31 December 2019

Balance sheet

Note	DKK'000	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	260,000	260,000
12	Reserve for development cost	16,712	12,112
	Retained earnings	-25,074	-46,722
	Total equity	251,638	225,390
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
14	Lease liabilities	18,366	0
14	Other payables	9,558	14,082
		27,924	14,082
	Current liabilities other than provisions		
14	Lease liabilities	5,274	0
	Trade payables	9,824	38,514
	Payables to group enterprises	7,834	156,124
15	Corporation tax payable	4,090	3,855
14	Other payables	28,466	44,500
	Deferred income	43	754
		55,531	243,747
	Total liabilities other than provisions	83,455	243,747
	TOTAL EQUITY AND LIABILITIES	335,093	483,219

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 17 Contractual obligations and contingencies, etc.
- 18 Related parties
- 19 Fee to the auditors appointed by the Company in general meeting
- 20 Appropriation of profit/Loss
- 24 Subsequent events

Financial statements 1 January 2019 - 31 December 2019

Statement of changes in equity

	Share Capital	Reserve for development costs	Retained earnings	Total
DKK'000				
Equity 1 January 2019	260,000	12,112	-58,499	213,613
Regulation to 1 January 2019	0	0	11,777	11,777
Regulated 1 January 2019	260,000	12,112	-46,722	225,390
Development costs for the year	0	9,144	-9,144	0
Sale of development costs	0	-59	59	0
Amortization for the year	0	-20,540	20,540	0
Grants	0	0	0	0
Other equity movements	0	16,055	-16,200	-145
Net profit/loss for the year	0	0	26,393	26,393
Equity 31 December 2019	260,000	16,712	-25,074	251,638

Financial statements 1 January 2019 - 31 December 2019

Cash flow statement

Note	DKK'000	2019	2018
	Profit/loss for the year	23,071	-48,928
22	Adjustments	14,178	133,098
	Cash generated from operations (operating activities)	37,249	84,170
23	Changes in working capital	19,093	-20,942
	Cash generated from operations (operating activities)	56,342	63,228
	Interest received, etc .	45,209	3,256
	Interest paid, etc.	-8,607	-75,296
	Cash flows from operating activities	92,944	-8,812
	Additions of intangible assets	-11,723	-10,333
	Disposals of intangible assets	76	85
	Additions of property, plant and equipment	-30,826	-14,559
	Disposals of property, plant and equipment	241	6,508
	Additions/Disposals of financial assets	2,126	30,832
	Cash flows to investing activities	-40,106	12,533
	Grants received	0	11,380
	Payments leasing	-4,047	0
	Proceeds from lease borrowings	27,687	0
	Cash flows from financing activities	23,640	11,380
	Net cash flow	76,478	15,101
	Cash and cash equivalents at beginning of fiscal year	38,868	23,767
24	Cash and cash equivalents at 31 December	115,346	38,868

Financial statements 1 January - 31 December 2019

Notes to the financial statements

1 Accounting policies

The annual report of Harman Professional Denmark ApS for 2019 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

In accordance with the exemption clause, Harman Professional Denmark ApS does not prepare any consolidated financial statements for sub groups. The consolidated financial statements of Samsung Electronics Co. Ltd. can be obtained at

<https://www.samsung.com/global/ir/financial-information/audited-financial-statements/>

Errors relating to previous year

A discrepancy has been identified between "note 9 Property, plant and equipment" recognized values of cost prices and impairment losses and depreciation at 1 January 2019 in relation to the company's fixed assets. A net adjustment of the initial values in note 9 of DKK 15.1 million has been made with a counter-item on equity under "Retained earnings" regulated with the tax effect at DKK 3,3 million. The net effect on equity amounts to DKK 11,8 million. The correction of the comparative figures for 2018 has no effect on the result for the period as the discrepancy relates to the financial year 2016/17.

Changes in accounting policies

With effect for the financial year 2019, the Company has chosen to apply the options cf. the Danish Financial Statements Act of applying IFRS 15, Revenue from contracts with customers, and IFRS 16, Leases, within the framework. Thus, the Company has changed its accounting policies, cf. below.

IFRS 15, Revenue from contracts with customers

The Company has changed its accounting policy for the recognition of revenue from contracts with customers. This means that the Company applies IFRS 15 for recognition and measurement of revenue.

The change in accounting policies has had no effect on net sales, profit for the year, assets and equity in the current year or in the comparative year.

IFRS 16, Leases

In the financial year, the Company has decided to adopt IFRS 16, which results in leasing agreements being recognized in the balance sheet. Therefore a lease asset and a lease debt arises.

The Company has chosen to rely on IFRS 16 Leases from 1 January 2019. The comparatives for the 2018 reporting period have not be restated, as permitted in IFRS 16. On adoption of IFRS 16 the Company recognised lease liabilities in relation to leases which had previously been classified as "Operating leases" under IAS 17.

On 1 January 2019, leasing assets and leasing liability were recognized for DKK 27,687k in accordance with the adoption of IFRS 16.

The effect of this change in accounting policies is as follows:

- At 31 December 2019 capitalized lease assets amounts to DKK 23,282k.
- At 31 December 2019, recognized lease debt amounts to DKK 23,460k.
- In the financial year, DKK 4,405k was expensed regarding depreciation of the lease agreements.
- In the financial year, DKK 1,034k was expensed regarding interest on the lease agreements.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in thousand Danish kroner (DKK'000).

Business Combination

Harman Professional Denmark ApS has effective as of 1st January 2018 merged with Harman Consumer Division Nordic ApS.

The aggregation method was issued when merging associated companies. When using the aggregation method, no action was taken to adjustment to fair values in the discounting company, as well as there was no goodwill being calculated. The assets and liabilities of the merged companies were added as a starting point for accounting values line by line, corrected by any difference in accounting policy. Internal balances have been eliminated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the date of the statement of financial position and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as net financials.

Leases before 1 January 2019

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

Financial statements 1 January - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Revenue

Revenue from the sale of finished goods and goods for resale is recognised in the income statement providing that transfer of control, which according to IFRS 15 takes place at the time when control of the product is transferred to the customer. Revenue is recognised exclusive of VAT and duties.

All discounts granted are recognised in revenue.

Production costs

Production costs comprise costs used to generate the revenue for the year. Such production costs include direct and indirect costs for consumables, wages and salaries, rent and leases, and depreciation and impairment losses.

Production costs also comprise development costs that do not qualify for capitalization and impairment losses and amortization in respect of capitalized development costs.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions as well as depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses.

Administrative expenses also include write-downs for bad debts.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal activities of the enterprise, including gains and losses on disposal of intangible assets and property, plant and equipment. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortization/depreciation and impairment of intangible assets and property, plant and equipment.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows :

Property	8-10	years
Plant and machinery	3-10	years
Fixtures and fittings, other plant and equipment	3-5	years
Leasehold improvements	10	years
Software	5	years
Customer data base, etc	5	years
Development projects	2	years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and the depreciation period is reassessed annually.

In case of changes in the depreciation period, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement under 'Production costs', 'Distribution costs' and 'Administrative expenses', respectively.

Financial income and expenses

Financial income and expenses comprise interest income and expense, royalties, financial income and charges in respect of finance leases, realised and unrealised gains, losses and impairments on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividend from investments in subsidiaries and associates is recognised in the income statement in the year of adoption.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Tax

Samsung Electronics acts as administration company for the Harman Group's Danish activities and consequently settles all corporate income tax payments with the tax authorities.

The current Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Companies that use tax losses in other companies pay the joint tax contribution to the administrative company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the administrative company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rate - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Intangible assets

Other intangible assets:

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful lives.

However, intangible assets with an indefinite useful life are not amortised but are tested for impairment annually.

Development projects, patents and licenses etc. including software:

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Development costs comprise salaries, amortisation and other costs directly or indirectly attributable to the Company's development activities.

Development projects are clearly defined and identifiable. Each project is reviewed for the technical degree of utilisation, sufficient resources and a potential future market or development opportunities are demonstrated, only then are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, distribution costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

On completion of development work, development projects are amortised on a straight-line basis over the estimated useful life. Since last year, the estimated useful life is 2 years.

The amortization period is 2 years as per Samsung Policy. The basis of amortisation is calculated less any impairment.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Property, leasehold improvements, plant and machinery and fixtures and fittings, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages. Where individual components of an item of property, plant and equipment have substantially different useful lives, they are accounted for as separate items, which are depreciated separately.

Interest incurred for the construction of a new asset is recognised as costs.

Subsequent costs, e.g. in connection with the exchange of components of an item of property, plant and equipment are recognised in the carrying amount of the asset in question. Components exchanged are derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in profit or loss as incurred.

Leases as Lessee

Leases as Lessee after 1 January 2019

The lessee is required to recognize all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The company leases various vehicles, offices and other equipment. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date the leased asset is available for use by the company. In general, all lease contracts are recognized as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low value assets (< USD 5.000).

Offices

Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Fixed payments appear in the lease contract. The leasing period for offices without any terms of conditions is based on a managerial assessment of the expected term of the individual leasing contract. Offices with terms of conditions is set accordingly. To find the groups incremental borrowing rate to obtain an asset of similar value, the interest rate is set depending on the leasing period.

Other equipment

Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Leasing period and fixed payments appears in the lease contract which means only interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used. In accordance with the Harman group facility the interest rate is set depending on the leasing period.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. In case of evidence of impairment, an impairment test is conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Upon distribution of reserves other than retained earnings in subsidiaries, the distribution reduces the cost of the investments, when the distribution resembles repayment of the parent company's investment.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

Ongoing and completed development projects are tested for indications of impairment annually, initially before the end of the acquisition year.

The carrying amount of other fixed current assets is tested annually for indication of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses, respectively. Impairment of investments in subsidiaries and associates is, however, recognised in a separate line item in the income statement.

Impairment losses recognised in respect of assets are reversed in so far as the assumptions and estimates underlying the impairment losses have changed. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is determined as the expected selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected bad debt losses according to an individual assessment.

Prepayments

Prepayments comprise prepaid costs concerning subsequent financial years and are measured at cost.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted. Changes to the present value during the year are recognised as financial expenses.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under "Receivables" at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date, when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Amounts owed to credit institutions and group entities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under net financials over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in "Cash flows from investing activities".

Cash flows from operating activities:

Cash flows from operating activities are calculated according to the indirect method as profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, corporation tax paid and dividends from subsidiaries and associates classified as dividend from operating activities.

Cash flows from investing activities:

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets as well as capital injections and capital reductions and dividends in subsidiaries and associates.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from financing activities:

Cash flows from financing activities comprise payments to and from shareholders and costs relating to the raising of loans as well as repayment of interest bearing debt and changes in current liabilities to credit institutions.

Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank and short-term bank loans.

Segment information

Information is given on geographical markets, which follows the Company's internal management control. The Company is deemed not to have any independent business segments.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

2 Recognition and measurement uncertainties

The calculation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions concerning future events.

The estimates and assumptions made are among other things based on historical experience and other factors that Management finds reasonable in the circumstances but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events may arise. Furthermore, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.

It may be necessary to change previously made estimates due to changes in the facts on which these estimates were based or due to new knowledge or subsequent events.

Estimates that are material to the financial reporting are among others made in connection with the statement of impairment losses, provisions and contingent liabilities and contingent assets.

Impairment tests of development projects:

Ongoing and completed development projects are tested for indications of impairment annually, initially before the end of the acquisition year. To the extent that the test shows indications of impairment, the asset is written down.

3 Segment information

DKK'000	2019	2018
Breakdown of revenue by geographical segment:		
Denmark	31	0
Europe, Other	131,012	622,098
Other	49	415,252
	131,092	1,037,350

All the revenues are driven by our Professional Business in Denmark for 101 Million DKK, 6 Million DKK in Norway and 24 Million DKK in Sweden. The Harman Professional Denmark business products are LED lights, moving and fixture headlights, strobes and smoking machines.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

4	DKK'000		
	Financial income	2019	2018
	Interest receivable, group entities	43,441	3,077
	Other financial income	1,768	179
		<u>45,209</u>	<u>3,256</u>
5	DKK'000		
	Financial expenses		
	Bank interest	1,077	114
	Interest expenses, group entities	856	8,688
	Exchange losses	6,217	66,182
	Other financial expenses	457	312
		<u>8,607</u>	<u>75,296</u>
During the year, borrowing costs have not been recognised in cost of assets.			
6	Tax for the year		
	Estimated tax charge for the year	-1,173	-142
	Deferred tax adjustments in the year	-4,007	-3,587
	Deferred tax adjustments, prior years	7,234	-4,459
		<u>2,054</u>	<u>8,188</u>
	Specified as follows:		
	Tax for the year	-2,054	-8,188
		<u>-2,054</u>	<u>-8,188</u>
Tax on the profit/loss for the year is explained as follows:			
	Computed 22 % tax on profit/loss before tax	5,355	-12,566
The tax effect of:			
	Income/loss from investments in group enterprises	-469	499
	Non-deductible costs and non-deductible taxable income	102	131
	Interest limitation rule	0	9,513
	Adjustments regarding previous years	-7,234	-4,013
	Other tax adjustments	192	-1,752
		<u>-2,054</u>	<u>-8,188</u>

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

7 Intangible assets

DKK'000	Completed	Acquired	Other	Development	Total
	development	licenses	intangible	projects in	
	projects		assets	progress and	
				prepayments	
				for	
				intangible	
				Assets	
Cost at 1 January 2019	262,196	13,634	17,868	16,265	309,963
Additions	0	0	0	11,723	11,723
Disposals	0	0	0	-76	-76
Transferred	16,257	0	0	-16,257	0
Cost at 31 December 2019	278,453	13,634	17,868	11,655	321,610
Impairment losses and amortisation at 1 January 2019	242,510	11,285	17,868	0	271,663
Amortisation for the year	26,172	2,319	0	0	28,491
Impairment losses and amortisation at 31 December 2019	268,682	13,604	17,868	0	300,154
Carrying amount at 31 December 2019	9,771	30	0	11,655	21,456

Amortised over	2 years	5 years	5 years
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Development projects

Development projects comprise development of lightning products within the Harman brand. Investments are made in the development of physical products or product platforms based on a set of technologies.

A development project is initiated based on an assessment of the business potential described in a business case consisting of a description of the concept and an analysis describing market conditions (demand, price etc.). Having decided to go through with the project the Company uses a progress based model ensuring ongoing follow-up of the development projects.

Recognition and measurement in the financial statements

It is a prerequisite for capitalization that:

- an explicit sales evaluation exists describing whether the asset in itself or in a modified form may form the basis of repeated sales to one or more customers
- the technological challenges are described and that resource requirements of the development projects are described

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

7 Intangible assets (continued)

Development projects are valued at cost less accumulated amortization and write-downs, or recoverable amount if this is lower.

Capitalized development costs are amortised concurrently with the sale of the developed products and platforms or on a straight-line basis over the estimated useful life.

The amortization profile is determined based on a business case, and the amortization base comprises both existing and expected orders. An estimated useful life of usually no more than 2 years is attached to the amortization profile, adjusted to the investment amount. The amortization profile is revalued on an annual basis.

8 Property, plant and equipment

DKK'000	Property	Plant and machinery	Fixtures and fittings, other	Leasehold improvements	Total
Cost at 1 January 2019	0	30,618	61,501	1,416	93,535
Additions	0	3,074	65	0	3,139
Effect from implementation of IFRS 16	25,024	62	2,601	0	27,687
Disposals	0	-166	0	-255	-421
Exchange	0	68	61	0	129
Transferred	0	-3,820	3,820	0	0
Cost at 31 December 2019	25,024	29,836	68,048	1,161	124,069
Impairment losses and depreciation at 1 January 2019	0	24,997	12,983	443	38,423
Depreciation	3,564	4,617	15,005	102	23,288
Depreciation and impairment of disposals	0	-151	0	-30	-181
Exchange	0	0	28	0	28
Impairment losses and depreciation at 31 December 2019	3,564	29,463	28,016	515	61,558
Carrying amount at 31 December 2019	21,460	373	40,032	646	62,511
Depreciated over	8-10 years	3-10 years	3-5 years	10 years	
Including assets under finance leases amounting to	21,460	33	1,789	0	23,282

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Notes to the financial statements

9 Investments

DKK'000	Investments in			Total
	group enterprises	Investments in Associates	Deposits	
Cost at 1 January 2019	10,616	503	211	11,330
Additions	-	-	7	7
Disposals	-3,515	-	-	-3,515
Cost at 31 December 2019	7,101	503	218	7,822
Value adjustments at 1 January 2019	-5,586	-	-	-5,586
Value adjustments for the year	-	-	-	-
Reversal of prior year revaluations	-	-	-	-
Disposals	3,515	-	-	3,515
Value adjustments at 31 December 2019	-2,071	-	-	-2,071
Carrying amount at 31 December 2019	5,030	503	218	5,751

Name	Domicile	Interest	Equity	Profit/loss
			DKK'000	DKK'000
Subsidiaries				
Martin Professional Pte. Ltd.	Singapore	100.00%	26,101	127
Associates				
Martin Professional Japan Ltd.	Japan	40.00%	37,557	1,654

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including prepaid insurance DKK 882 thousand (2018 DKK 881 thousand), intercompany prepayments DKK 2,022 (2018 DKK 912 thousand) and other prepaid expenses DKK 680 thousand (2018 DKK 1,244 thousand).

11 Receivables

Out of the Company's trade receivables totaling DKK 883 thousand (2018 DKK 746 thousand) and other receivables totaling DKK 7,005 thousand (2018 DKK 50,576 thousand), no receivables fall due for payment after more than one year after the balance sheet date.

Financial statements 1 January - 31 December 2019

Notes to the financial statements

12 Share capital DKK'000

	<u>2019</u>	<u>2018</u>
Analysis of the share capital: 13,000,000 shares of DKK 20.00 nominal value each	260,000	260,000
	<u>260,000</u>	<u>260,000</u>

No shares carry special rights.

Analysis of changes in the share capital over the past 5 years:

DKK'000	<u>2019</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
Share capital	260,000	260,000	260,000	260,000	260,000
Total	260,000	260,000	260,000	260,000	260,000

13 Deferred tax

DKK'000	<u>2019</u>	<u>2018</u>
Deferred tax at 1 January	-7,737	-4,150
Adjustment regarding previous years	-7,234	0
Deferred tax for the year recognized in profit for the year	4,007	-3,587
Deferred tax at 31 December	-10,964	-7,737

Deferred tax relates to:

Intangible assets	3,378	7,095
Property, plant and equipment	-4,397	-5,463
Investments	0	0
Inventories	0	-6,119
Other	947	462
Tax loss	-10,892	-3,712
	<u>-10,964</u>	<u>-7,737</u>

Analysis of the deferred tax

Deferred tax assets	-10,964	-7,737
Deferred tax liabilities	0	0
	<u>-10,964</u>	<u>-7,737</u>

The company has at 31 December 2019 a deferred tax asset of DKK 10,964k which mainly relates to tax carry forward loss for later utilization. It is considered highly probable that over a shorter number of years, earnings will be generated to such an extent that the tax assets entered can be realized.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

14 Liabilities

DKK'000	2019	2018
Leasing		
After 5 years	3,743	0
Between 1 and 5 years	14,623	0
Long-term part	18,366	0
Within 1 year	5,274	0
	23,640	0
Other payables		
Between 1 and 5 years	9,558	14,082
Long-term part	9,558	14,082
Other short-term payables	28,466	44,500
	38,024	58,582
DKK'000	2019	2018
15 Corporation tax payable		
Corporation tax payable at 1 January	3,855	7,988
Tax for the year	235	0
Tax adjustment regarding previous years	0	-4,133
Income taxes paid	0	0
Corporation tax payable at 31 December	4,090	3,855
16 Staff costs and incentive programs		
Wages/salaries	72,246	102,201
Pensions	11,783	13,011
Other social security costs	6,843	12,093
	90,872	127,305
Average number of full-time employees	125	155

Remuneration to the Executive Board in 2018 was DKK 1,3 million. In 2019, there is only one member of the Executive Board which receive remuneration. Therefore, the remuneration to the Executive Board is not disclosed cf. section 98b (3,2) of the Danish Financial Statements Act.

The Board of Directors did not receive remuneration during the financial year.

Incentive programs

The Executive Board and the functional manager are eligible for Samsung cash settled LTIP. Incentives are provided on the basis that certain performance goals are fulfilled.

Pursuant to section 98b (3,2) of the Danish Financial Statements Act, no detailed information is provided on incentive plans.

Financial statements 1 January 2019 - 31 December 2019

Notes to the financial statements

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

Recourse guarantees for loans with credit institutions and mortgage credit institutions totaled DKK 0 thousand at 31 December 2019 (31 December 2018: DKK 0 thousand). The Company guarantees Harman's cash pool scheme.

The Company has a duty of reinstatement in connection with the vacation of the lease before 1 January 2020. Liabilities at 31 December totaled DKK 0,00 thousand (31 December 2018: DKK 116 thousand).

In one case, the Company has issued a letter of support comprising unlimited financial support for the operations of the Company's subsidiaries.

The Company is jointly taxed with Samsung Electronics, filial at Samsung Electronics Nordic AB, Sverige, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 11 March 2017. Before the Company was administrative company for the joint taxation including Harman Consumer Division Nordic A/S. The Company is jointly and severally liable for taxes and withholding taxes falling due for payment before 11 March 2017.

Other financial obligations

Adoption of IFRS 16 with effect from 1 January 2019 means that there are no contingent liabilities regarding leasing at 31 December 2019.

Other rent and lease liabilities:

DKK'000	2019	2018
Rent and lease liabilities	0,00	14,615

Rent and lease liabilities comprise lease liabilities totaling DKK 0,00 thousand (2018 DKK 13,393 thousand) for non-terminable leases.

Furthermore, the liability includes operating leases for vehicles totaling DKK 0,00 thousand (2018 DKK 1,222 thousand)

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Notes to the financial statements

18 Related parties

Harman Professional Denmark ApS related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
AKG Acoustics GmbH, Salzgasse 2, 5400 Hallein, Salzburg	Austria	Participating interest
Harman International Industries Inc., 400 Atlantic Street, Stamford, CT 06901, USA	USA	Participating interest
Samsung Electronics Co. Ltd., 85 Challenger Rd., Ridgefield Park, NJ 07660 USA	Korea	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Samsung Electronics Co. Ltd.	Korea	https://www.samsung.com/global/ir/financial-information/audited-financial-statements/
Harman International Industries Inc.	USA	

Related party transactions

The Company has no transactions that are not carried out at arm's length basis according with section 98 C (7) of the Danish Financial Statements.

19 Fee to the auditors appointed by the Company in general meeting

DKK'000	2019	2018
Total fees to PWC (PWC/EY 2018)	1,440	644
Statutory audit	610	595
Assurance engagements	86	0
Other assistance	744	69
	1,440	644

20 Appropriation of profit/loss

Recommended appropriation of profit/loss

Extraordinary dividend distributed in the year	0	0
Retained earnings/accumulated loss	26,393	-48,928
	26,393	-48,928

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Notes to the financial statements

	2019	2018
DKK'000		
21 Adjustments		
Amortization/depreciation and impairment losses	51,746	72,630
Provisions	0	-649
Income from investments in group entities	-2,133	-2,266
Financial income	-45,209	-3,256
Financial expenses	8,607	75,296
Tax for the year	1,381	-8,188
Other adjustments	-214	-469
	14,178	133,098
22 Changes in working capital		
Change in inventories	150,211	67,545
Change in receivables	67,131	-72,485
Change in trade and other payables	-198,249	-16,002
	19,093	-20,942
23 Cash and cash equivalents at year-end		
Cash according to the balance sheet	115,346	38,868
	115,346	38,868

24 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

We are currently reviewing the impact from COVID-19 and implementing measures to reduce costs until business returns to normal. The business remains in financial good standing with the support of Samsung behind it and we expect things to return to normal through the 2nd half of 2020.