

MONACOR DANMARK A/S

Farum Gydevej 65,
3520 Farum

CVR No. 12188544

Annual Report 2020/21

33. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 6 October 2021

Marco Willroth
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of MONACOR DANMARK A/S for the financial year 1 June 2020 - 31 May 2021.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 May 2021 and of the results of the Company's operations for the financial year 1 June 2020 - 31 May 2021.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 6 October 2021

Executive Board

Svend Erik Lund
Manager

Supervisory Board

Marco Willroth
Chairman

Hendrik Werner Iffländer
Member

Svend Erik Lund
Member

Independent Auditors' Report

To the shareholders of MONACOR DANMARK A/S

Opinion

We have audited the financial statements of MONACOR DANMARK A/S for the financial year 1 June 2020 - 31 May 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 May 2021 and of the results of its operations for the financial year 1 June 2020 - 31 May 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Independent Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 6 October 2021

HARBOE CONSULT ApS - GODKENDT REVISIONSVIRKSOMHED

CVR-no. 35649417

John Petersson
State Authorised Public Accountant
mne29420

MONACOR DANMARK A/S

Company details

Company	MONACOR DANMARK A/S Farum Gydevej 65, 3520 Farum
email	mail@monacor.dk
CVR No.	12188544
Date of formation	13 June 1988
Supervisory Board	Marco Willroth Hendrik Werner Iffländer Svend Erik Lund, Manager
Executive Board	Svend Erik Lund, Manager
Parent Company	Monacor International GmbH & Co KG
Auditors	HARBOE CONSULT ApS - GODKENDT REVISIONSVIRKSOMHED Grønningen 17, st. th. 1270 København K CVR-no.: 35649417

Management's Review

The Company's principal activities

The Company's principal activities consist in wholesale of audio equipment.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in the activities and the financial situation of the Company

The Company's Income Statement of the financial year 1 June 2020 - 31 May 2021 shows a result of DKK 1.045.851 and the Balance Sheet at 31 May 2021 a balance sheet total of DKK 16.089.477 and an equity of DKK 13.512.036.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Accounting Policies

Reporting Class

The Annual Report of MONACOR DANMARK A/S for 2020/21 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the byer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and net of sales discounts.

Raw materials and consumables used

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises. loss of debtors, operating leasing costs etc.

Staff expenses

Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Properties	40 years	20%
Other fixtures and fittings, tools and equipment	3-5 years	0-20%

Land is not amortised.

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual components differ.

Inventories

Inventories are measured at cost on the basis of the FIFO principle. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

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

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting Policies

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Proposed dividend for the year is recognised as a separate item in equity.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other payables

Other payables are measured at amortised cost, which usually corresponds to the nominal value

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2020/21 kr.	2019/20 kr.
Gross profit		5.346.506	5.766.924
Employee benefits expense	1	-3.816.638	-4.278.238
Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss		-222.415	-246.874
Profit from ordinary operating activities		1.307.454	1.241.812
Other finance income		2.779	2.739
Finance expenses		-85.720	-88.690
Profit from ordinary activities before tax		1.224.513	1.155.862
Tax expense on ordinary activities	2	178.662	254.514
Profit		1.045.851	901.348
Proposed distribution of results			
Proposed dividend recognised in equity		900.000	1.200.000
Retained earnings		145.851	-298.652
Distribution of profit		1.045.851	901.348

MONACOR DANMARK A/S

Balance Sheet as of 31 May

	Note	2021 kr.	2020 kr.
Assets			
Land and buildings	3	7.303.526	10.432.315
Fixtures, fittings, tools and equipment	4	241.696	132.822
Property, plant and equipment		7.545.222	10.565.137
Fixed assets		7.545.222	10.565.137
Manufactured goods and goods for resale		2.146.661	2.286.090
Inventories		2.146.661	2.286.090
Short-term trade receivables		1.350.913	1.270.433
Short-term receivables from group enterprises		222.691	348.554
Other short-term receivables		3.440.982	11.285
Deferred expenses		103.696	83.426
Receivables		5.118.282	1.713.698
Cash and cash equivalents		1.279.312	2.273.163
Current assets		8.544.256	6.272.952
Assets		16.089.478	16.838.089

Balance Sheet as of 31 May

	Note	2021 kr.	2020 kr.
Liabilities and equity			
Contributed capital		600.000	600.000
Retained earnings		12.012.036	11.866.185
Proposed dividend recognised in equity		900.000	1.200.000
Equity		13.512.036	13.666.185
Provisions for deferred tax		548.048	440.226
Provisions		548.048	440.226
Other payables		256.611	265.735
Long-term liabilities other than provisions	5	256.611	265.735
Trade payables		165.466	219.086
Payables to group enterprises		31.052	173.646
Tax payables		3.840	48.495
Other payables		1.572.426	2.024.717
Short-term liabilities other than provisions		1.772.783	2.465.943
Liabilities other than provisions within the business		2.029.394	2.731.678
Liabilities and equity		16.089.478	16.838.089
Contingent liabilities	6		
Collaterals and assets pledged as security	7		
Related parties	8		
Special items	9		

Statement of changes in Equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 June 2020	600.000	11.866.185	1.200.000	13.666.185
Dividend paid	0	0	-1.200.000	-1.200.000
Profit (loss)	0	145.851	900.000	1.045.851
Equity 31 May 2021	600.000	12.012.036	900.000	13.512.036

The share capital has remained unchanged for the last 5 years.

Notes

	2020/21	2019/20
1. Employee benefits expense		
Wages and salaries	3.511.470	3.912.300
Post-employment benefit expense	253.588	292.007
Social security contributions	51.579	73.930
	3.816.637	4.278.237
Average number of employees	9	10
2. Tax expense		
Tax of the results for the year	70.840	183.942
Adjustment for the year of deffered tax	107.822	70.572
	178.662	254.514
3. Land and buildings		
Cost at the beginning of the year	14.860.959	14.845.429
Addition during the year, incl. improvements	29.000	15.530
Disposal during the year	-5.155.640	0
Cost at the end of the year	9.734.319	14.860.959
Depreciation and amortisation at the beginning of the year	-4.428.644	-4.293.576
Amortisation for the year	-121.064	-135.068
Reversal of impairment losses and amortisation of disposed assets	2.118.915	0
Impairment losses and amortisation at the end of the year	-2.430.793	-4.428.644
Carrying amount at the end of the year	7.303.526	10.432.315
4. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	2.565.097	2.813.346
Addition during the year, incl. improvements	210.225	73.001
Disposal during the year	0	-321.250
Cost at the end of the year	2.775.322	2.565.097
Depreciation and amortisation at the beginning of the year	-2.432.275	-2.483.719
Amortisation for the year	-101.351	-111.806
Reversal of impairment losses and amortisation of disposed assets	0	163.250
Impairment losses and amortisation at the end of the year	-2.533.626	-2.432.275
Carrying amount at the end of the year	241.696	132.822

Notes

2020/21

2019/20

5. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Other payables	256.611	0	195.861
	<u>256.611</u>	<u>0</u>	<u>195.861</u>

6. Contingent liabilities

Leasing liabilities comprises of lease agreements until maturity in total of DKK 28.518 at 31 May 2021 (2020: DKK 72.844).

7. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

8. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Monacor International GmbH & Co KG, Zum Falsch 36, D-28307 Bremen.

9. Special items

Profit, sale of property	393.275	0
Rental income, property	653.879	593.622
	<u>1.047.154</u>	<u>593.622</u>