

Bose ApS

Roskildevej 22, 2620 Albertslund
CVR no. 15 11 64 98

Annual report for the financial year 01.04.19 - 31.03.20

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 31.08.20

Jacob Lindberg Andersen
Dirigent



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The company

Bose ApS
Roskildevej 22
2620 Albertslund
Danmark

Registered office: Albertslund
CVR no.: 15 11 64 98
Financial year: 01.04 - 31.03

Executive Board

Sheila Colette Burke
Veronique Gerda Thoelen
James Eugene Scammon

Board of Directors

James Eugene Scammon
Veronique Gerda Thoelen
Sheila Colette Burke

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Bose Products B.V., Holland

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.04.19 - 31.03.20 for Bose ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.03.20 and of the results of the company's activities and cash flows for the financial year 01.04.19 - 31.03.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, August 25, 2020

Executive Board

Sheila Colette Burke

Veronique Gerda Thoelen

James Eugene Scammon

Board Of Directors

James Eugene Scammon
Chairman

Veronique Gerda Thoelen

Sheila Colette Burke

To the capital owner of Bose ApS**Opinion**

We have audited the financial statements of Bose ApS for the financial year 01.04.19 - 31.03.20, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.03.20 and of the results of the company's operations and cash flows for the financial year 01.04.19 - 31.03.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 regarding the 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, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgement 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.

Soeborg, Copenhagen, August 25, 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lasse Rosenborg Petersen
State Authorized Public Accountant
MNE-no. mne42896

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2019/20	2018/19	2017/18	2016/17	2015/16
<i>Profit/loss</i>					
Gross profit	38.683	44.948	47.005	48.408	50.950
Operating profit	7.998	10.124	11.072	9.712	11.291
Total net financials	-1.406	-1.120	2.332	1.103	-1.011
Profit for the year	5.526	6.528	10.518	8.115	7.731
<i>Balance</i>					
Total assets	98.061	149.879	113.375	112.793	90.198
Investments in property, plant and equipment	98	76	57	219	7.624
Equity	69.002	68.266	62.200	54.968	47.691

Ratios

2019/20 2018/19 2017/18 2016/17 2015/16

Profitability

Return on equity	8%	10%	18%	16%	18%
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Gross margin	9%	10%	9%	0%	0%
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Equity ratio

Equity interest	70%	46%	55%	49%	53%
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Return on equity:

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$$

Gross margin:

$$\frac{\text{Gross result} \times 100}{\text{Revenue}}$$

Equity interest:

$$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$$

Primary activities

The company's main activities, like in previous years, comprise in sales and distribution of consumer electronic products, as well as products for professional applications.

During the year Bose successfully launched several products in the categories Smart Wearables and Home Speakers. The products were well received by the market.

Our distribution is primarily done via our dedicated dealer network. In addition, we are selling our Personal Portable Speakers, Home Streaming Speakers and Headphones directly to consumers on-line as well as in our retail stores.

For high scale professional products Bose Professional Systems Division collaborates with specialized resellers on large projects.

Development in activities and financial affairs

The income statement for the period 01.04.19 - 31.03.20 shows a profit of DKK 5,526,107 against DKK 6,527,743 for the period 01.04.18 - 31.03.19. The balance sheet shows equity of DKK 69,001,917.

The expectations for FY 20 was a positive development based on the fact that we would have launched new innovative products, continue to have innovating marketing and continue to invest in the high quality authorized dealer network, combined with a highly dedicated and motivated team of employees.

The expectations were not fulfilled due to the general economic developments in the Nordic countries and delays in receipt of new products due to COVID-19.

Outlook

At the date of the approval of these annual accounts, it is too early to assess the potential economic and financial impact of the pandemic. The management, however, expects no material impact on the figures of the current financial year and is closely monitoring the developments and will take additional measures where applicable.

However, Bose will continue to strengthen our current product portfolio and launch new innovative products. With a product portfolio across multiple price points, enhanced distribution and exciting marketing it is our aim that more people than ever before own a Bose product.

Subsequent events

No important events have occurred after the end of the financial year.

Branches abroad

Bose ApS consists of Bose ApS, Denmark and three affiliates, Bose affiliate of Bose ApS Denmark, Sweden, Bose Affilial of Foreign Company, Norway and Bose Finland, affiliate of Bose ApS, Denmark.

Income statement

Note		2019/20 DKK	2018/19 DKK
	Gross profit	38.683.038	44.948.364
1	Staff costs	-29.578.159	-32.708.498
	Profit before depreciation, amortisation, write-downs and impairment losses	9.104.879	12.239.866
	Amortisation and impairments losses of intangible assets	-1.106.769	-2.116.191
	Profit before net financials	7.998.110	10.123.675
	Financial expenses	-1.406.351	-1.119.814
	Profit before tax	6.591.759	9.003.861
	Tax on profit or loss for the year	-1.065.652	-2.476.118
	Profit for the year	5.526.107	6.527.743

2 Distribution of net profit

ASSETS		31.03.20	31.03.19
		DKK	DKK
Note			
	Other fixtures and fittings, tools and equipment	191.316	1.226.858
3	Total property, plant and equipment	191.316	1.226.858
4	Deposits	20.259	20.249
	Total investments	20.259	20.249
	Total non-current assets	211.575	1.247.107
	Manufactured goods and goods for resale	4.400.966	5.390.062
	Total inventories	4.400.966	5.390.062
	Trade receivables	13.631.772	38.931.560
	Receivables from group enterprises	14.216.270	0
6	Deferred tax asset	942.772	1.703.636
	Income tax receivable	1.452.471	0
	Other receivables	6.751	7.158
5	Prepayments	905.248	1.391.040
	Total receivables	31.155.284	42.033.394
	Cash	62.293.597	101.208.864
	Total current assets	97.849.847	148.632.320
	Total assets	98.061.422	149.879.427

EQUITY AND LIABILITIES		31.03.20	31.03.19
		DKK	DKK
Note			
	Share capital	3.000.000	3.000.000
	Retained earnings	66.001.917	65.265.696
	Total equity	69.001.917	68.265.696
	Trade payables	644.774	161.997
	Payables to group enterprises	0	36.595.849
	Income taxes	0	1.224.278
	Other payables	28.414.731	43.631.607
	Total short-term payables	29.059.505	81.613.731
	Total payables	29.059.505	81.613.731
	Total equity and liabilities	98.061.422	149.879.427

7 Contingent liabilities

8 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.04.19 - 31.03.20			
Balance as at 01.04.19	3.000.000	65.265.696	68.265.696
Foreign currency translation adjustment of foreign enterprises	0	-4.789.886	-4.789.886
Net profit/loss for the year	0	5.526.107	5.526.107
Balance as at 31.03.20	3.000.000	66.001.917	69.001.917

Cash flow statement

Note	2019/20 DKK	2018/19 DKK
Net profit/loss for the year	5.526.107	6.527.743
9 Adjustments	-2.037.782	4.404.022
Change in working capital:		
Inventories	989.096	801.924
Receivables and group receivables	11.569.717	15.277.235
Trade and group payables	-36.113.072	40.468.939
Other payables relating to operating activities	-15.216.877	-7.498.039
Cash flows from operating activities before net financials	-35.282.811	59.981.824
Interest income and similar income received	0	0
Interest expenses and similar expenses paid	-317.393	-264.195
Income tax paid	-3.217.426	-2.318.685
Cash flows from operating activities	-38.817.630	57.398.944
Purchase of property, plant and equipment	-97.637	-76.123
Cash flows from investing activities	-97.637	-76.123
Total cash flows for the year	-38.915.267	57.322.821
Cash, beginning of year	101.208.864	43.886.043
Cash, end of year	62.293.597	101.208.864
Cash, end of year, comprises:		
Cash	62.293.597	101.208.864
Total	62.293.597	101.208.864

	2019/20 DKK	2018/19 DKK
1. Staff costs		
Wages and salaries	22.334.583	24.992.091
Pensions	2.504.764	2.588.462
Other social security costs	4.738.812	5.127.945
Total	29.578.159	32.708.498
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Average number of employees during the year	40	59

2. Distribution of net profit

Retained earnings	5.526.107	6.527.743
Total	5.526.107	6.527.743

3. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.04.19	7.955.872
Foreign currency translation adjustment of foreign enterprises	-392.946
Additions during the year	97.638
Disposals during the year	-2.420.698
Cost as at 31.03.20	5.239.866
Depreciation and impairment losses as at 01.04.19	-6.702.535
Foreign currency translation adjustment of foreign enterprises	299.957
Impairment losses during the year	-283.309
Depreciation during the year	-783.361
Reversal of depreciation of and impairment losses on disposed assets	2.420.698
Depreciation and impairment losses as at 31.03.20	-5.048.550
Carrying amount as at 31.03.20	191.316

4. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.04.19	20.249
Additions during the year	10
Cost as at 31.03.20	20.259

	31.03.20 DKK	31.03.19 DKK
5. Prepayments		
Other prepayments	905.248	1.391.040
Total	905.248	1.391.040

6. Deferred tax

Provisions for deferred tax as at 01.04.19	1.703.636	985.951
Deferred tax recognised in the income statement	-760.864	717.685
Provisions for deferred tax as at 31.03.20	942.772	1.703.636

As at 31.03.2020, the company has recognised a deferred tax asset, which can primarily be attributed to a higher taxable value of Other fixtures and fittings, tools and equipment. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

7. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with terms to maturity of 3-60 months and total lease payments of DKK 3.192k.

8. Related parties

Controlling influence	Basis of influence
Bose Products B.V., Holland	Parent company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

	2019/20	2018/19
	DKK	DKK
9. Adjustments for the cash flow statement		
Depreciation, amortisation, impairment losses and write-downs	1.106.769	2.116.191
Financial expenses	1.406.351	1.119.814
Tax on profit or loss for the year	1.065.652	2.476.118
Exchange rate adjustments on change in NWC	-5.616.554	-1.308.101
Total	-2.037.782	4.404.022

10. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

10. Accounting policies - continued -**LEASES**

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

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

10. Accounting policies - continued -

Amortisation and impairment losses

The amortisation of intangible assets aim at systematic amortisation over the expected useful lives of the assets. Assets are amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

10. Accounting policies - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

10. Accounting policies - continued -

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Current and deferred tax

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

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

10. Accounting policies - continued -

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term payables to credit institutions.