

Bose ApS

Herstedøstervej 27, 2620 Albertslund

CVR no. 15 11 64 98

Annual report

for the financial year 01.04.23 - 31.03.24

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The company

Bose ApS
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2620 Albertslund
Danmark
Tel.: 43 43 77 77
Website: www.bose.com
Registered office: Albertslund
CVR no.: 15 11 64 98
Financial year: 01.04 - 31.03

Executive Board

John Patrick Brosnahan
Ayoub Khan Mohammed

Board of Directors

John Patrick Brosnahan
Brian Dean Jorgensen
Ayoub Khan Mohammed

Auditors

Beierholm
Godkendt Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.04.23 - 31.03.24 for Bose ApS.

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 company's assets, liabilities and financial position as at 31.03.24 and of the results of the company's activities and cash flows for the financial year 01.04.23 - 31.03.24.

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.

Albertslund, September 30, 2024

Executive Board

John Patrick Brosnahan

Ayoub Khan Mohammed

Board of Directors

John Patrick Brosnahan

Brian Dean Jorgensen

Ayoub Khan Mohammed

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

We have audited the financial statements of Bose ApS for the financial year 01.04.23 - 31.03.24, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including material accounting policy information. 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 31.03.24 and of the results of the company's operations and cash flows for the financial year 01.04.23 - 31.03.24 in accordance with the Danish Financial Statements Act.

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the 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 assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility 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 by law and regulations.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, September 30, 2024

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

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

FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKK '000	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profit/loss</i>					
Gross profit	25.408	19.185	23.009	30.981	38.683
Operating profit	4.778	4.543	3.014	4.426	7.998
Total net financials	-1.047	540	1.221	-2.364	-1.406
Profit for the year	2.962	3.962	2.848	1.425	5.526

Balance

Total assets	75.048	117.897	108.903	107.531	98.061
Investments in property, plant and equipment	10	234	235	2.150	98
Equity	42.180	76.704	78.026	75.428	69.002

Ratios

	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profitability</i>					
Return on equity	5%	5%	4%	2%	8%

Equity ratio

Solvency ratio	56%	65%	72%	70%	70%
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

Bose ApS sells and markets its consumer electronics products through multiple channels, including wholesale and direct e-commerce.

Development in activities and financial affairs

The income statement for the period 01.04.23 - 31.03.24 shows a profit of DKK 2,962,183 against DKK 3,961,818 for the period 01.04.22 - 31.03.23. The balance sheet shows equity of DKK 42,180,442.

The revenue is primarily driven by the consumer electronics products, including headphones, personal portable speakers (Bluetooth), smart speakers (Wi-Fi and VPA enabled) and audio-for-video systems (soundbars and home theatre). Our headphones continue to be important for the results of the Company, especially in noise cancelling and true wireless in-Ear (TWIE) categories. Personal Portable Speakers (such as our SoundLink products) and Smart Speakers (for example our Home Speaker 500) are expected to maintain market share. Our popular audio-for-video products (including our Smart Soundbar 900) continue to show a stable market share.

The earnings expectations for the financial year 01.04.23 - 31.03.24 were a net profit of DKK 3.000k. The objective was met.

Outlook

The company expects a profit for the year in the region of DKK 3 million for the coming year.

Due to the current circumstances around macroeconomics and supply chain challenges, Bose has decided only limited number of hubs and strategic locations will be remaining, where direct business is conducted in those locations and critical strategic operations are carried out. The number of direct reseller markets will be reduced as Bose transitions to indirect distribution model. Bose as a company focuses on retaliating the impacts of the current market conditions and is confident that appropriate measures are being taken to be the continued strong company. Directors have a reasonable expectation that the Company has adequate resources to support operational and strategic changes supporting indirect business model.

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	2023/24 DKK	2022/23 DKK
	25.407.719	19.184.856
Gross profit		
1 Staff costs	-20.115.473	-14.160.603
	5.292.246	5.024.253
Profit before depreciation, amortisation, write-downs and impairment losses		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-514.009	-480.784
	4.778.237	4.543.469
Operating profit		
Financial income	0	965.857
Financial expenses	-1.046.741	-426.033
	3.731.496	5.083.293
Profit before tax		
Tax on profit for the year	-769.313	-1.121.475
	2.962.183	3.961.818
Profit for the year		
Proposed appropriation account		
Proposed dividend for the financial year	0	35.200.000
Retained earnings	2.962.183	-31.238.182
	2.962.183	3.961.818
Total		

Balance sheet

ASSETS		31.03.24	31.03.23
		DKK	DKK
Note			
	Other fixtures and fittings, tools and equipment	964.821	1.428.201
³	Total property, plant and equipment	964.821	1.428.201
	Total non-current assets	964.821	1.428.201
	Manufactured goods and goods for resale	469.679	1.043.938
	Total inventories	469.679	1.043.938
	Trade receivables	20.368.290	14.636.434
	Receivables from group enterprises	8.065.439	412.876
	Deferred tax asset	406.458	641.215
	Income tax receivable	7.145.194	4.530.644
	Other receivables	41.229	311.760
	Total receivables	36.026.610	20.532.929
	Cash	37.586.907	94.891.579
	Total current assets	74.083.196	116.468.446
	Total assets	75.048.017	117.896.647

EQUITY AND LIABILITIES		31.03.24	31.03.23
		DKK	DKK
Note			
	Share capital	3.000.000	3.000.000
	Foreign currency translation reserve	-2.818.445	-532.716
	Retained earnings	41.998.887	39.036.704
	Proposed dividend for the financial year	0	35.200.000
	Total equity	42.180.442	76.703.988
	Trade payables	660.489	1.438.566
	Payables to group enterprises	9.011.373	16.105.275
	Other payables	23.195.713	23.648.818
	Total short-term payables	32.867.575	41.192.659
	Total payables	32.867.575	41.192.659
	Total equity and liabilities	75.048.017	117.896.647

5 Contingent liabilities

6 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.04.23 - 31.03.24					
Balance as at 01.04.23	3.000.000	-532.716	39.036.704	35.200.000	76.703.988
Foreign currency translation adjustment of foreign enterprises	0	-2.285.729	0	0	-2.285.729
Dividend paid	0	0	0	-35.200.000	-35.200.000
Net profit/loss for the year	0	0	2.962.183	0	2.962.183
Balance as at 31.03.24	3.000.000	-2.818.445	41.998.887	0	42.180.442

Cash flow statement

Note	2023/24 DKK	2022/23 DKK
Profit for the year	2.962.183	3.961.818
7 Adjustments	-531.301	-4.044.031
Change in working capital:		
Inventories	574.259	122.777
Receivables	-13.113.888	12.034.783
Trade payables	-778.073	1.391.203
Other payables relating to operating activities	-7.547.007	7.600.904
Cash flows from operating activities before net financials	-18.433.827	21.067.454
Interest income and similar income received	0	965.857
Interest expenses and similar expenses paid	-1.046.741	-426.033
Income tax paid	-2.614.550	-1.067.830
Cash flows from operating activities	-22.095.118	20.539.448
Purchase of property, plant and equipment	-9.554	-234.360
Cash flows from investing activities	-9.554	-234.360
Dividend paid	-35.200.000	0
Cash flows from financing activities	-35.200.000	0
Total cash flows for the year	-57.304.672	20.305.088
Cash, beginning of year	94.891.579	74.586.491
Cash, end of year	37.586.907	94.891.579
Cash, end of year, comprises:		
Cash	37.586.907	94.891.579
Total	37.586.907	94.891.579

	2023/24	2022/23
	DKK	DKK
1. Staff costs		
Wages and salaries	14.868.140	10.333.961
Pensions	1.825.147	1.524.434
Other social security costs	3.422.186	2.302.208
Total	20.115.473	14.160.603
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Average number of employees during the year	21	17

2. Proposed appropriation account

Proposed dividend for the financial year	0	35.200.000
Retained earnings	2.962.183	-31.238.182
Total	2.962.183	3.961.818

3. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment	
Cost as at 01.04.23		3.824.412
Foreign currency translation adjustment of foreign enterprises		-53.877
Additions during the year		9.554
Disposals during the year		-6.989
Cost as at 31.03.24		3.773.100
Depreciation and impairment losses as at 01.04.23		-2.396.211
Foreign currency translation adjustment of foreign enterprises		30.339
Depreciation during the year		-495.730
Reversal of depreciation of and impairment losses on disposed assets		53.323
Depreciation and impairment losses as at 31.03.24		-2.808.279
Carrying amount as at 31.03.24		964.821
	31.03.24	31.03.23
	DKK	DKK

4. Deferred tax

Provisions for deferred tax as at 01.04.23	641.215	662.972
Deferred tax recognised in the income statement	-234.757	-21.757
Provisions for deferred tax as at 31.03.24	406.458	641.215

As at 31.03.24, the company has recognised a deferred tax asset of t.DKK 406, which can primarily be attributed to a higher taxable value of Other fixtures and fittings, tools and equipment and provisions. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.

5. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity up to 48 months and total lease payments of t.DKK 1.575.

6. Related parties

Controlling influence	Basis of influence
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Bose Products B.V., Netherlands	Parent company
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Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

	2023/24	2022/23
	DKK	DKK
7. Adjustments for the cash flow statement		
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	514.009	480.784
Financial income	0	-965.857
Financial expenses	1.046.741	426.033
Tax on profit or loss for the year	769.313	1.121.475
Other adjustments	-2.861.364	-5.106.466
Total	-531.301	-4.044.031

8. 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.

8. 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, other operating income 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.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

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.

8. Accounting policies - continued -

Staff costs

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

Depreciation, amortisation and impairment losses

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

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

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and 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.

Intangible assets and 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.

8. Accounting policies - continued -

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

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 'Depreciation, 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 depreciation and 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-method. Inventories are written down to the lower of cost and net realisable value.

8. Accounting policies - continued -

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.

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.

Cash

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

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

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.

8. Accounting policies - continued -

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.

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 financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

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.