Music Tribe Innovation DK A/S

H.C. Andersens Boulevard 38, 3 th
DK-1553 København V

CVR no. 21 37 86 07

Annual report 2022

The annual report was presented and approved at the Company's annual general meeting

on ______________________ 20 ____

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Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Music Tribe Innovation DK A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

København, 29 June 2023
Executive Board:

Santria

Board of Directors:

Martin Rüssmann chairman	Santria	Oliver Schwenzer

Independent auditor's report

To the shareholders of Music Tribe Innovation DK A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Music Tribe Innovation DK A/S for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2022 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.

Emphasis to the matter in the financial statements

We draw attention to note 14 to the financial statements regarding subsequent events setting out the material uncertainty related to the outcome of a proposed ruling on transfer pricing from the Danish Tax Authorities. Our opinion is not modified in respect of this matter.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

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, our responsibility 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 our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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 the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review

Aarhus, 29 June 2023
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

Management's review

Company details

Music Tribe Innovation DK A/S
H.C. Andersens Boulevard 38, 3 th
DK-1553 København V

CVR no.	21 37 86 07
Established:	27 October 1998
Registered office:	Aarhus N
Financial year:	1 January – 31 December

Board of Directors

Martin Rüssmann (chairman)
Santria
Oliver Schwenzer

Executive Board

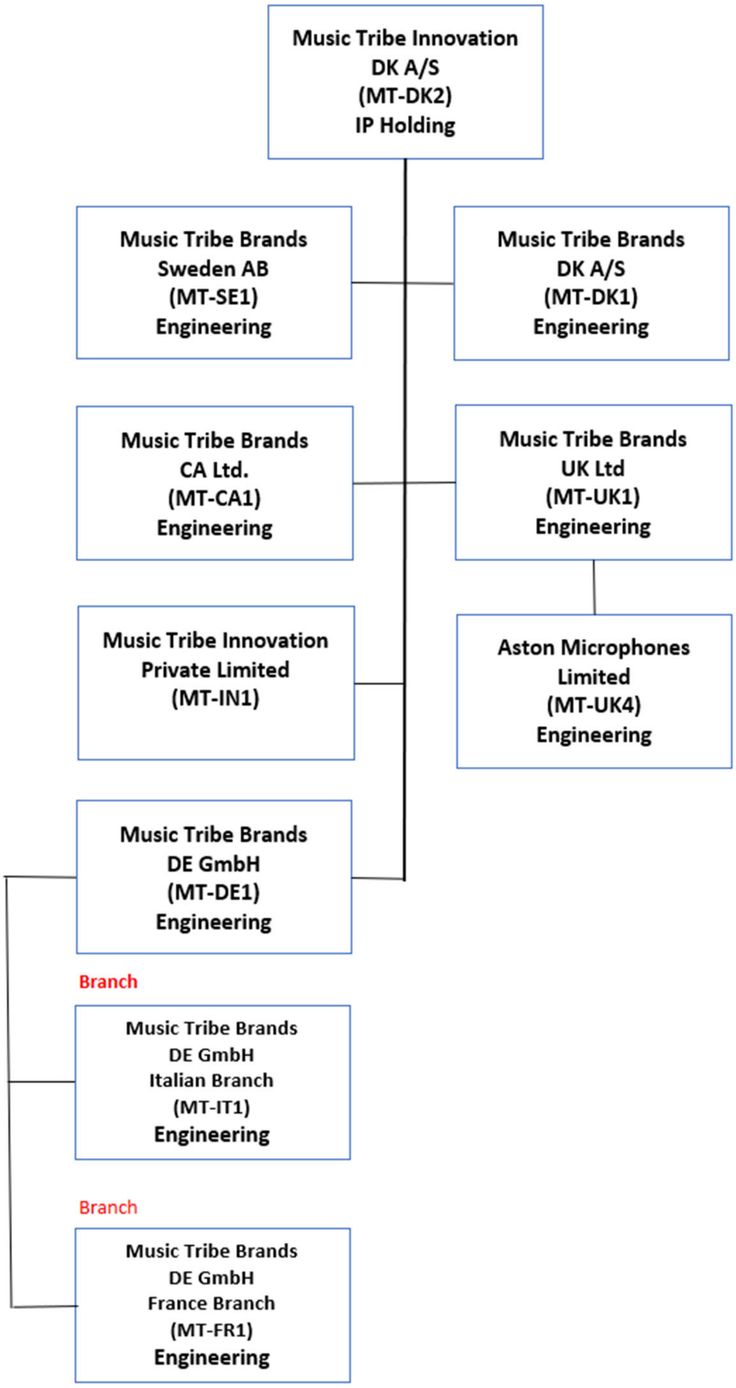
Santria

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42,
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
Revenue	334,388	349,023	461,566	79,552	282,924
Operating profit/loss	-35,011	-109,657	-58,626	-153,722	66,291
Profit/loss from financial income and expenses	544	-1,664	34,454	6,318	18,901
Profit/loss for the year	-54,023	-141,056	-21,044	-146,487	63,549
Total assets	586,519	900,761	963,456	935,953	767,535
Investments in property, plant and equipment	4,491	1,990	154,492	40,760	37,517
Equity	134,055	204,449	347,127	362,622	500,070
Cash flows from operating activities	125,889	48,605	686,072	-79,830	195,185
Cash flows from investing activities	30,877	-197,228	-265,691	-178,874	-93,979
Cash flows from financing activities	-445,819	199,033	-96,487	87,044	14,708
Total cash flows	-289,053	50,380	323,894	-171,660	115,914
Gross margin	-44%	-22%	-6%	-63%	33%
Operating margin	-10%	-31%	-13%	-72%	23%
Return on equity	-32%	-51%	-6%	-34%	13%
Solvency ratio	23%	23%	36%	28%	65%
Average number of full-time employees	278	261	311	177	279

The financial ratios have been calculated as follows:

Gross margin $$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Operating margin $$\frac{\text{Operating profit x 100}}{\text{Revenue}}$$

Return on equity $$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

The Group's principal activities

The Company's main activity is retail, production, distribution, development and marketing of audio and related activities in both the Company as through subsidiaries.

The Company is also the IP holder for Music Tribe Group and receives a royalty in exchange for its services as IP Holder; royalty for 2022 was 8% of Music Tribe Group Sales as per Exclusive License Agreement with

Events after the balance sheet date

No events after the balance sheet date has occurred.

Development in activities and financial position

The income statement for the period 1 January – 31 December 2022 shows a loss of DKK 54,023 thousand as against a loss of DKK 141,056 thousand for the period 1 January – 31 December 2021. The balance sheet shows equity of DKK 134,055 thousand.

The loss for the year was largely driven by one-time events such as write-down of goodwill on acquisition of Aston Microphone by Music Tribe Brands UK in 2022 and amortisation of goodwill of Music Tribe Brands UK in 2020, as well as impairment of existing Research and Development Assets as the group re-assessed its development activities in light of current Market Trends.

Earnings from royalties were not sufficient to cover operating costs of the Company for the financial year 1 January – 31 December 2022.

Management believes that such earnings are incidental to 2022, and that this result is not expected to continue in future years.

Management has taken steps and active action to assess the existing royalty agreement to ensure the future financial stability of the Company and the Group.

Management has assessed that the criteria for the capitalisation of development costs as development projects for 2022 has not been fulfilled as it has not been possible to reliably measure, register and allocate the research and development costs incurred in 2022, due to change in systems and key operational personnel, and in that respect all research and development costs for 2022 have been expensed through profit and loss.

The Board of Directors does not propose any dividend distribution, and results for the year are to be allocated to retained earnings.

Management's review

Operating review

Investments

In June 2022, the Group acquired Music Tribe Innovation PVT Ltd, a Research and Development company based in India from its Parent Company, Music Tribe Commercial MY Sdn. Bhd.

Outlook

Revenue for 2023 is expected to range between DKK 550-600 million with a profit between DKK 10-70 million.

The Group does not expect a significant impact from either inflation of foreign currency conversion.

Research and development activities

The Group is intellectual capital-intensive with material product development activities in the individual companies.

Therefore, the Group works continuously with programs to ensure that this intellectual capital is maintained and embedded in the organisation. The Group focuses on both physical and mental working conditions and carries out staff satisfaction measurements on a regular basis.

Financial risks

Foreign currency risks

It is part of the company strategy to protect the Group against exchange rate fluctuations by, to the extent possible, matching the Group's sales currencies against its purchase and cost currencies.

The Group has net inflows in USD.

Liquidity risks

The financial resources are assessed and controlled by the Parent Company's treasury functions. This ensures that the committed credit facilities required to meet the budgeted financing requirements are ongoing are made available by the Company's financial partners.

Management's review

Operating review

Corporate social responsibility (section 99 a of the Danish Financial Statements Act)

CSR policy, business model and risks

The Group is a global enterprise and is represented with locations worldwide. The Group's activities are concentrated around sales, development and service and to a minor extent, production; own production primarily consists of the assembly of semi-manufactures. The primary workplaces are "office workplaces". Therefore, the Group's activities are not assessed to have adverse environmental and climate impact as regards noise, smoke, discharge of waste products and massive use of energy and consequently, the Group has no actual environmental and climate policy.

However, the Group seeks to optimise its energy consumption on a current basis, primarily for heating, and has in several locations carried out energy measurements. Subsequently, the Group has implemented several of the recommendations listed by energy reports.

As stated above, the Group's own production primarily consists of assembly activities, and the Group has thus to a great extent outsourced the production of its semi-manufactures and finished products.

Human rights

The Group cooperates mainly with Asian sub-suppliers. The Group focuses on establishing partnership agreements in order to ensure long-term relations with its sub-suppliers.

The Group has prepared a code of conduct for the sub-suppliers which is to support the same responsibility as that prescribed by the Group's internal policies. Amongst other things, the code of conduct prescribes the following:

- No child labour
- Remuneration and working hours to follow local agreements and standards
- Responsibility towards the environment with focus on limitation of climate and environmental impact.

The code of conduct thus intends to ensure that the sub-suppliers comply with the Group's policies concerning child labour, forced labour, human rights, corruption and environmental and climate impact.

The code of conduct is part of the Group's basis for the contracts entered into with new sub-suppliers, and the code of conduct is discussed before a contract is entered into. In case of large contracts, a visit is paid to the sub-supplier in order to check whether the Group's code of conduct is complied with. Previous years, the result of such visits has been that the Group has refused cooperating with two sub-suppliers.

Furthermore, the Group pays control visits to existing sub-suppliers on a continuous basis in order to make sure that the code of conduct is complied with.

Through its digital transformation, the Group rationalised its vendor footprint and put in place strict processes for vendor onboarding and approvals.

In the Group's opinion, the strategy to ensure partnership agreements and long-term relations is of great value in relation to securing the Group's policies. The Group's sales are effected in accordance with the Group policy of complying with international guidelines for trade and sanctions as enforced by the UN and EU.

Management's review

Operating review

The Group has no other significant formalised policies.

The Group took an active role in formalizing and promoting worldwide its core values of Trust, Respect, Integrity, Bold, Engage which are consistent with the Code of Conduct released in 2019; the Group undertook extensive workshops and training on those core values across the entire workforce and has embedded them in employees performance review. This work has continued during 2022.

In 2022, the Group changed its core values to be, kind, be clear, collaborate, deliver to promise and celebrate. The Group has taken active steps to educate and train employees to adjust to and live up to those core values.

The Group plans to continue its journey in 2023 by further strengthening the mandatory compliance training on Ethics, Business Conduct and Anti-corruption, in order to ensure that all employees are informed and trained sufficiently to fulfil the Code of Conduct.

The Group, through its subsidiaries has also distributed in 2021, free of charge, 1,510 Synthesizers and Headphones to children and schools worldwide, in an effort to increase its Corporate Social Responsibility and its active participation and involvement in the community.

The Group has assessed the risk as insignificant.

Climate and environment

The sixth assessment from the Intergovernmental Panel on Climate Change from August 2021 delivered a stern warning on the impact that climate change has on lives and livelihood.

It is the duty of fast-growing companies like the Group to actively participate and drive the reduction of their carbon footprint and supply products that are environmentally friendly whilst improving its customer experience and product offering.

In 2020, the Group closed two manufacturing facilities in UK and Sweden thereby reducing its carbon footprint; this journey of carbon footprint reduction continued in 2021 by further announcing the closure of a second site in UK in 2022 as well as significant reduction of transportation equipment worldwide. The second site in UK was closed in 2022 to further limit the carbon footprint.

Furthermore, the Group has continued to pursue and drive the reduction of their carbon footprint since 2021, this can be evidenced by the steps taken to move production of physical products to digital.

The Group continues on its project on in depth review of its packaging material with a long-term objective of re-designing its solutions to be environmentally friendly. On another step towards the reduction of the Group carbon footprint, the organisation has during 2022 turned complete paperless and moved all premise servers to cloud solutions.

In 2023, the Group will ensure to implement a Global Environmental Health and Safety Risk Assessment and Risk Mitigation Strategy, as this was not accomplished in 2022. Although management believes that the work and accomplishments achieved during 2022 is sufficient to prove that the Group is committed to supporting the climate and environment in a positive direction.

Sustainability is also one of the key drivers of the Group Product Development Strategies.

Social and employee matters

The Group is an equal opportunity employer and actively supports human rights, as well as all equality legislation.

We are therefore opposed to all forms of unlawful or unfair discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex or sexual orientation.

Management's review

Operating review

Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, training and promotion are based solely on the job criteria, the individuals' abilities, skills, performance and behaviour and on our business requirements.

Discrimination, abuse or harassment will result in disciplinary action being taken including dismissal for serious cases.

The Group Employee Service Manual as well as its Values clearly define expectations around unacceptable behaviour.

The Group transformed its training platforms in 2021 has been continued in 2022 to ensure all employees undertake training on its Code of Conduct and Values; this also forms part of the employee induction process and is constantly enforced in all business decisions.

In light of COVID-19 and a hybrid working policy, the Group made an extensive effort in 2021 and continued in 2022 to promote employee well-being as well as mental health support through online workshops and initiatives; the Group has also created an online dedicated channel to employee wellness and is constantly promoting diversity and inclusion.

In 2022, The Group has started the move towards an inclusive organization. All possible steps are taken to ensure equality and inclusivity. We expect and target to

In 2023, we will continue promote employee well-being and mental health, through online workshops, initiatives and internal training.

Anti-corruption

As displayed in the Group Employee Service Manual, the Group adheres to best practices in corruption prevention in all its dealings and corrupt or corruptive practices are not tolerated.

The Group absolutely prohibits giving or receiving gifts, hospitality or other expenses which could influence or be perceived to be capable of influencing a contractual or material transaction.

The provisions include but are not limited to Corporate Hospitality, Facilitation Payments, Political Donations, Charitable Donations and has as strict process of approval for exceptions.

The Group has mandated all employees to undertake an Anti-Bribery and Corruption Training and such training will be compulsory every year, to reinforce the Group zero tolerance for such activities. During 2022, the implementation of such training has been on-going and strengthened. The training has supported and facilitated that no breaches has occurred during 2022.

The Group has established greater compliance in all areas of the organisation and adopting good governance, risk and compliance into the business.

The Group experienced no breaches of the policy in 2022.

Goals and policies for the underrepresented gender (section 99 b of the Danish Financial Statements Act)

The Group believes that the diversity amongst employees, including representative distribution of gender, ethnicity and nationality, contributes positively to the working environment and strengthens the Company's performance and competitive power.

The objective at all management levels is to fill positions based on the qualifications and competences required for the Company's business and at the same time ensure that diversity is reflected both in management bodies and among other employees.

In 2022 the Group showed progress in the board composition, as the distribution is as follows:

Management's review

Operating review

The current distribution of the Board of Directors is 33% female and 67% male, currently consisting of 3, compared to 2021 where the full board were represented by male.

The current distribution of gender among other upper level management layers is 5% female and 95% male as of 2022. There has been no changes in the composition during the year, management is continuously considering new initiatives to improve the gender distribution to achieve equal distribution among other upper level management.

Music Tribe Group as a whole has a distribution of 37% female and 63% male.

The Group has achieved an even distribution on the Board of Directors.

The Group aims to continue to achieve diversity on the Board by 2024, as the board plans to increase the Board of Directors to 4 with a minimum target of an even distribution as follows:

2024: 50% of the board represented by women.

Reporting on data ethics (section 99 d of the Danish Financial Statements Act)

The Group has not prepared a policy for data ethics, as it is not an integrated part of the entities business strategy and business model. The Group operates with researching and developing new products, which are to be sold by sister company, thereby the Group will not maintain critical data for end consumers or alike.

However, the Group has put in place a Global Data Privacy Policy in 2022.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
Revenue	2	334,388	349,023	215,165	174,914
Production costs	3	-451,732	-425,417	-273,213	-214,610
Gross profit/loss		-117,344	-76,394	-58,048	-39,696
Distribution costs	3	-1,886	-1,179	0	-9
Administrative expenses	3	-38,854	-32,084	-4,391	-5,622
Other operating income	4	123,073	0	0	0
Profit/loss before financial income and expenses		-35,011	-109,657	-62,439	-45,327
Income from equity investments in group entities		0	0	35,150	-63,041
Other financial income		851	1,719	56,304	42,670
Other financial expenses		-307	-3,383	-66,570	-49,483
Profit/loss before tax		-34,467	-111,321	-37,555	-115,181
Tax on profit/loss for the year		-19,556	-29,735	-16,468	-25,875
Profit/loss for the year	5	-54,023	-141,056	-54,023	-141,056

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
ASSETS					
Fixed assets					
Intangible assets	6				
Completed development projects		19,115	46,236	12,177	24,981
Patents, licences and trademarks		28	2,223	0	11,001
Goodwill		0	98,451	0	0
Development projects in progress		48,821	95,523	48,821	95,523
		67,964	242,433	60,998	131,505
Property, plant and equipment	7				
Land and buildings		114,666	143,828	0	0
Leasehold improvements		13,526	14,216	0	0
Fixtures and fittings, tools and equipment		5,927	4,838	0	0
		134,119	162,882	0	0
Investments					
Equity investments in group entities	8	0	0	546,508	649,991
Deposits		131	50	69	50
		131	50	546,577	650,041
Total fixed assets		202,214	405,365	607,575	781,546
Current assets					
Inventories					
Raw materials and consumables		28,372	3,245	0	0
Finished goods and goods for resale		10,471	28,442	0	0
		38,843	31,687	0	0
Receivables					
Trade receivables		0	9,619	0	0
Receivables from group entities		173,730	5,925	221,598	249,430
Other receivables		45,692	34,096	36,441	28,858
Prepayments		1,090	66	0	0
		220,512	49,706	258,039	278,288
Cash at bank and in hand		124,950	414,003	23,152	15,986
Total current assets		384,305	495,396	281,191	294,274
TOTAL ASSETS		586,519	900,761	888,766	1,075,820

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
EQUITY AND LIABILITIES					
Equity					
Contributed capital	9	157,619	157,619	157,619	157,619
Reserve for net revaluation according to the equity method		0	0	0	71,685
Reserve for development costs		0	0	28,186	87,692
Retained earnings		-23,564	46,830	-51,750	-112,547
Total equity		134,055	204,449	134,055	204,449
Provisions					
Provisions for deferred tax	10	10,695	13,614	0	0
Total provisions		10,695	13,614	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	11				
Payables to group entities		4,116	14,620	0	0
Other payables		0	0	0	0
		4,116	14,620	0	0
Current liabilities other than provisions					
Trade payables		13,893	3,208	2,586	324
Payables to group entities		415,080	644,452	750,854	869,426
Corporation tax		4,484	0	0	0
Other payables		4,196	20,418	1,271	1,621
		437,653	668,078	754,711	871,371
Total liabilities other than provisions		441,769	682,698	754,711	871,371
TOTAL EQUITY AND LIABILITIES		586,519	900,761	888,766	1,075,820

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

Group

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	157,619	46,830	204,449
Transferred over the distribution of loss	0	-54,023	-54,023
Exchange rate adjustment, foreign subsidiary	0	-16,371	-16,371
Equity at 31 December 2022	157,619	-23,564	134,055

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

Parent Company

DKK'000	Contributed capital	Net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	157,619	71,685	87,692	-112,547	204,449
Transferred over the distribution of loss	0	-55,314	-59,506	60,797	-54,023
Exchange rate adjustment, foreign subsidiary	0	-16,371	0	0	-16,371
Equity at 31 December 2022	157,619	0	28,186	-51,750	134,055

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group 2022	Group 2021
Loss for the year		-54,023	-141,056
Depreciation, amortisation and impairment losses		186,028	199,842
Interest income		-851	-1,719
Interest expense		307	3,383
Tax on profit/loss for the year		19,556	29,735
Other adjustments of non-cash operating items	12	-14,381	-12,377
Cash generated from operations before changes in working capital		136,636	77,808
Changes in working capital	13	-11,291	-27,539
Cash generated from operations		125,345	50,269
Interest income		851	1,719
Interest expense		-307	-3,383
Cash flows from operating activities		125,889	48,605
Acquisition of intangible assets	6	0	-46,647
Acquisition of property, plant and equipment	7	-4,491	-1,990
Disposal of property, plant and equipment		35,368	0
Acquisition of subsidiaries and activities		0	-148,591
Cash flows from investing activities		30,877	-197,228
Repayment of long-term debt		-10,504	-2,711
Arrangement of payables to group entities		0	201,714
Repayment of payables to group entities		-435,315	0
Cash flows from financing activities		-445,819	199,003
Cash flows for the year		-289,053	50,380
Cash and cash equivalents at the beginning of the year		414,003	363,623
Unrealised value adjustments for the year		0	0
Cash and cash equivalents at year end		124,950	414,003

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Music Tribe Innovation DK A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated cash flow statement of the Group.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Music Tribe Innovation DK A/S, and subsidiaries in which Music Tribe Innovation DK A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Business combinations

When acquiring new entities, the acquisition method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquiree at the acquisition date that are not initiated as a part of the acquisition are included in the pre-acquisition balance sheet and thus the calculation of goodwill. Restructuring that is initiated by the acquirer is recognised in the acquirer’s income statement. Deferred tax is recognized to the extent that temporary differences arise from the revaluations.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

With regard to step acquisitions, the acquirer must remeasure its previous equity investment in the acquiree at the fair value at the acquisition date. The difference between the carrying amount of the former equity instrument and fair value is recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered to have been completed at the date of the merger without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Gains or losses on the divestment of subsidiaries and participating interests (including associates) are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including non-amortised goodwill and projected costs of divestment or winding-up.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and participating interests (including associates) which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in separate foreign subsidiaries or participating interests (including associates) are recognised directly in equity.

Income statement

Revenue

Income from sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year. Commercial entities recognise their cost of sales, whereas production entities recognise production costs incurred to generate revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases and depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

In addition, provisions for bad debts on contract work are recognised.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income from equity investments in group entities

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments I subsidiaries also comprises gains and losses on the sale of equity investments.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses 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.

Dividends from equity investments in group entities and participating interests (including associates) measured at cost are recognised as income in the parent company income statement in the financial year when the dividends are declared.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividends exceed profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3-8 years.

Patents, licences and trademarks

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 8 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 3 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Land and buildings, leasehold improvements and fixtures and fittings, tools 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 on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Production/administration buildings	20 years
Leasehold improvements	3-10 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

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.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash

Cash includes bank accounts as well as operating cash.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of participating interests (including associates) in proportion to cost.

Dividends that expected to be received before the balance sheet date are not tied to the reserve.

Reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

Reserves cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Segment information

Activities – primary segment

	Group		
DKK'000	Royalty	Products	Total
2022			
Revenue	290,820	43,568	334,388

Geographical – secondary segment

	Group		
DKK'000	Canada	Asia	Total
2022			
Royalty	0	290,820	322,785
Other	0	43,568	11,603
Total	0	322,785	334,388

3 Staff costs

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
Wages and salaries	130,879	108,841	0	0
Pensions	5,765	3,992	0	0
Other social security costs	9,865	11,527	0	0
Other staff costs	0,490	497	0	0
	146,999	124,857	0	0
Average number of full-time employees	278	261	0	0

In accordance with section 98b(3)(2) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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4 Special items

Special items comprise significant income and costs of a special nature in relation to the Company's usual income generating operating activities. The special items recorded in the financial year consists of profits from sales of two buildings in the United Kingdom, located in Walter Nash and Broadway. Furthermore, the ultimate parent entity has compensated for the write-down on goodwill allocated to the Aston Microphone goodwill.

	2022
Other operating income:	
Gains from the disposal of buildings	35,244
Parent compensation of write-down on Aston Microphone goodwill	87,829
Profit from special items, net	123,073

	Group		Parent Company	
DKK'000	2022	2021	2022	2021

5 Proposed distribution of loss

Reserve for net revaluation according to the equity method	0	0	-55,314	-63,041
Reserve for development costs	0	0	-59,506	-14,581
Retained earnings	-54,023	-141,056	60,797	-63,434
	-54,023	-141,056	-54,023	-141,056

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK'000	Group				
	Completed development projects	Patents, licences and trademarks	Goodwill	Development projects in progress	Total
Cost at 1 January 2022	704,615	44,846	265,934	95,523	1,110,918
Additions	0	0	0	0	0
Transferred	46,702	0	0	-46,702	0,0
Cost at 31 December 2022	751,317	44,846	265,934	48,821	1,110,918
Amortisation and impairment losses at 1 January 2022	-658,379	-42,623	-167,483	0	-868,485
Impairment losses	-9,528	0	-55,667	0	-65,195
Amortisation	-64,295	-2,195	-42,784	0	-109,274
Amortisation and impairment losses at 31 December 2022	-732,202	-44,817	-265,934	0	-1,042,954
Carrying amount at 31 December 2022	19,115	28	0	48,821	67,964

Consolidated financial statements and parent company financial statements 1 January – 31 December

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6 Intangible assets (continued)

	Parent Company			
DKK'000	Completed development projects	Patents, licences and trademarks	Development projects in progress	Total
Cost at 1 January 2022	115,531	53,390	95,523	264,444
Transferred	46,702	0	-46,702	0,0
Cost at 31 December 2022	162,233	53,390	48,821	264,444
Amortisation and impairment losses at 1 January 2022	-90,550	-42,389	0	-132,939
Impairment losses	-9,528	0	0	-9,528
Amortisation	-49,978	-11,001	0	-60,979
Amortisation and impairment losses at 31 December 2022	-150,056	-53,390	0	-203,446
Carrying amount at 31 December 2022	12,177	0	48,821	60,998

Completed development projects

Development projects relate to the development of products within the group's core business. The progress are progressing according to plan through the use of the resources allocated by Management to the development. The products are expected to be sold in the present market to the group's existing customers and new markets.

Development projects in progress

Development projects in progress comprise several new projects. The projects is expected to be completed in 2023 and 2024 where considerable economic benefits are expected.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

	Group			
DKK'000	Land and buildings	Lease-hold Improve ments	Fixtures and fittings, tools and equip-ment	Total
Cost at 1 January 2022	179,649	22,623	41,888	244,16
Foreign exchange adjustments in foreign entities	-3,344	-53	-1,507	-4,904
Additions on acquisition of subsidiary	0	0	0,553	0,553
Additions	0	1,241	2,697	3,938
Disposals	-46,917	0	-142	-47,059
Cost at 31 December 2022	129,388	23,811	43,489	196,688
Depreciation and impairment losses at 1 January 2022	-35,821	-8,407	-37,050	-81,278
Foreign exchange adjustments in foreign entities	1,429	70	1,415	2,914
Depreciation	-7,686	-1,948	-1,927	-11,561
Depreciation on disposals	27,356	0	0	27,356
Depreciation and impairment losses at 31 December 2022	-14,722	-10,285	-37,562	-62,569
Carrying amount at 31 December 2022	114,666	13,526	5,927	134,119

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8 Investments

Equity investments in subsidiaries

	Parent Company
DKK'000	2022
Cost at 1 January	578,307
Additions	0,497
Cost at 31 December	578,804
Regulations at 1 January	71,684
Foreign currency	-16,371
Amortisation of goodwill	-42,784
Net profit/loss	67,958
Elimination of intragroup profit	6,821
Received dividends	-119,604
Regulation at 31 December	-32,296
Carrying amount at 31 December	546,508

Name	Registered office	Voting rights and owner ship interest
Music Tribe Brands DK A/S	Denmark	100%
Music Tribe Brands SE, AB	Sweden	100%
Music Tribe Brands CA, Ltd.	Canada	100%
Music Tribe Brands UK, Ltd.	United Kingdom	100%
Music Tribe Brands DE, GmbH	Germany	100%
Aston	United Kingdom	100%
Music Tribe Brands IN, Ltd.	India	100%

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Contributed capital

The contributed capital consists of:

A shares, 7,880,967 shares of nom. DKK 20 each

All shares rank equally.

10 Deferred tax

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
Deferred tax at 1 January	13,614	14,354	0	0
Deferred tax adjustment for the year in the income statement	-2,919	-740	0	0
	10,695	13,614	0	0

Deferred tax asset

Deferred tax asset amounts to DKK 57,026 thousand, which is not recognized as Management does not expect the deferred tax asset to be utilised within a period of 5 years.

11 Non-current liabilities other than provisions

Liabilities other than provisions consist of intragroup loan amounting to DKK 4,116 thousand. The loan is to be repaid within 2-5 years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group 2022
12 Other adjustments	
Exchange rate regulations	14,381
	14,381

DKK'000	Group 2022
13 Changes in working capital	
Change in inventories	-7,156
Change in receivables	-3,082
Change in trade and other payables	-1,053
	-11,291

14 Contractual obligations, contingencies, etc.

Contingent liabilities

Joint taxation

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. The jointly taxed entities' total net liability to SKAT amounted to DKK 0 thousand at 31 December 2022. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

The Group's Danish entities are jointly and severally liable for the joint registration concerning VAT.

Tax matter

On 24 April 2022, the Company received a proposed ruling from the Danish Tax Authorities regarding transfer pricing documentation for the income years 2016 and 2017. The Danish Tax Authorities have proposed an increase of the taxable income of DKK 993 million, amounting to tax payable of DKK 218 million excluding interest.

Management has engaged their lawyer and do not agree with the ruling from the Danish Tax authorities and concluded that no provision is to be recognised. Management has prepared a response to the Danish Tax Authorities and awaits a response from the Danish Tax Authorities.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 48-60 months and an average monthly lease payment of DKK 282 thousand, totalling DKK 13,973 thousand.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

15 Related parties

Music Tribe Innovation DK A/S' related parties comprise the following:

Control

Music Tribe Commercial MY Sdn. Bhd. Malaysia

Music Tribe Commercial MY Sdn. Bhd holds the majority of the contributed capital in the Company.

Music Tribe Innovation DK A/S is part of the consolidated financial statements of Music Tribe Commercial MY Sdn. Bhd., Malaysia, and the consolidated financial statements of DTOS Trustees Ltd., Mauritius, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Music Tribe Commercial MY Sdn. Bhd. and the consolidated financial statements of DTOS Trustees Ltd. can be obtained by contacting the companies at the above addresses.

Related party transactions

DKK'000	2022	2021
Group		
Sale of goods and services	411,384	309,353
Purchase of goods and services	-50,203	-3,091
	361,181	306,262
Parent Company		
Sale of goods to a subsidiary	213,339	331
Purchase of services from a subsidiary	-50,203	-170,057
	163,136	-169,726
Total	524,317	136,536

Payables to associates and subsidiaries are disclosed in the balance sheet.

16 Fees to auditor appointed at the general meeting

DKK'000	2022	2021
Total fees to KPMG	743	575
Statutory audit	481	430
Tax assistance	43	60
Other assurance engagements	0	0
Non-audit services	219	85
	743	575