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# ***Sennheiser Nordic A/S***

Dybendalsvænget 2, Klovtofte, DK-2630 Taastrup

## **Annual Report for 1 January - 31 December 2022**

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CVR No 28 89 31 40

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
5 /7 2023

Daniel Sennheiser  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Sennheiser Nordic A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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

Taastrup, 5 July 2023

## Executive Board

Kelly Louise Watts

## Board of Directors

Daniel Sennheiser  
Chairman

Jørgen Ulbæk Wengel

Steffen Dieter Paul-Jürgen  
Ulrich Heise

# Independent Auditor's Report

To the Shareholder of Sennheiser Nordic A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sennheiser Nordic A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## 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 judgement 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

## Independent Auditor's Report

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.

Hellerup, 5 July 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Nikolaj Erik Johnsen  
statsautoriseret revisor  
mne35806

## Company Information

### **The Company**

Sennheiser Nordic A/S  
Dybendalsvænget 2  
Klovtofte  
DK-2630 Taastrup

CVR No: 28 89 31 40  
Financial period: 1 January - 31 December  
Municipality of reg. office: Høje Taastrup

### **Board of Directors**

Daniel Sennheiser, Chairman  
Jørgen Ulbæk Wengel  
Steffen Dieter Paul-Jürgen Ulrich Heise

### **Executive Board**

Kelly Louise Watts

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	134.089	452.131	487.773	0	0
Gross profit/loss	19.518	86.465	107.457	26.797	28.670
Net financials	8.910	-548	1.449	-5.544	1.322
Profit/loss from discontinuing activities	28.355	0	0	0	0
Net profit/loss for the year	37.835	-6.280	5.746	-6.114	3.473
<b>Balance sheet</b>					
Balance sheet total	261.390	474.531	495.367	45.352	46.434
Equity	131.905	398.386	404.565	10.064	11.258
<b>Cash flows</b>					
Cash flows from:					
- operating activities	4.832	-878	-8.626	-2.750	4.515
- investing activities	-104	-612	-2.796	2.209	18
Number of employees	21	38	47	39	40
<b>Ratios</b>					
Solvency ratio	50,5%	84,0%	81,7%	22,2%	24,2%
Return on equity	14,3%	-1,6%	2,8%	-57,3%	61,7%



# Management's Review

## Key activities

The primary activities of the Company is selling Sennheiser electro-acoustic products, services and systems in the Nordic countries.

## Financial review

The income statement for 2022 shows a profit of DKK 37.8 million against a loss of DKK 6.3 million last year, and the balance sheet at 31 December 2022 DKK 261,4 million and a equity of DKK 131.9 million.

In the annual report for 2021, Management expected a profit of DKK 5 – 10 million. The actual profit before tax amounts to DKK 126,7 million of wich DKK 114,6 million can attributed to discontinuing activities.

## Foreign branches

Sennheiser Nordic (Norway), Akershusstranda 37, 0150 Oslo, Norway

Sennheiser Nordic (Sweden), Vasagatan 28, 11 20 Stockholm, Sweden

Sennheiser Nordic (Finland), Lautatarhankatu 6, FI-00580 Helsinki, Finland

## Foreign exchange risks

Currency risks mainly relate to the group's operating activity, where income or costs are in a currency other than DKK and are included as receivables for sales and trade payables. In addition, the group is exposed to currency risks on intra-group balances. The group is exposed to NOK, SEK and EUR and this means that profit, cash flows and equity are affected by changes in exchange rates.

## Statement on corporate social responsibility, cf. Section 99 a of the Danish Financial Statements Act

At Sennheiser Group, we are committed to operating an honourable and socially responsible company. We believe corporate social responsibility (CSR) represents a long-term investment that serves to strengthen our operations and competitiveness in the marketplace, enhance risk management and attract and engage the industries talented employees. CSR plays an important role at Sennheiser Group now and in the future. In 2021 Sennheiser Group set up a CSR team tasked with strengthening the workforce, enhance the planet and positively impact people around the world.

The environmental and social issues most significant to the business include Climate Protection, Diversity, Equity and Inclusion, Supply chain – social risks and Circular Economy. Currently we are compliant in all these fields but as a result of the CSR teams initial assessment Sennheiser has a clear ambition to reach 'Sustainability Leadership' in 2030. Currently we are in the Risk Awareness phase focusing on the topics mentioned. Beyond this core work we also have a strong family culture that impacts the way that we work on a day to day basis and is all inclusive and provides opportunity for all. We regularly engage our leaders and employees on these culture principles.

# Management's Review

## ***Environment***

Climate Protection refers to the various greenhouse gas emissions that are emitted along the Sennheiser value chain and the environmental harm that is caused by that. Identified as Sennheiser's biggest risks to the environment are direct emissions; company owned vehicles and gas for manufacturing. And indirect emissions; purchased electricity, business travel, waste management, material production and contractor owned vehicles. The following initiatives have already been put in place: Temperature limiters apply in all Sennheiser buildings to manage energy consumption. Charging stations have been provided at all Sennheiser offices and the company car policy is changing to fully electric cars only, as of 2023. As part of the HR travel guidelines preference is towards trains for all journey's under 4 hours to help limit the amount of short distance flights. These are the main risks that have been identified relating to the environment and we will start reporting on this on a quarterly basis with the goal to achieve being Carbon Neutral by 2030.

## ***Social and Employees***

Sennheiser has identified the following risks relating to employees these include Diversity, Equity and Inclusion. This refers to the way that people differ, fair treatment, access and opportunity that is provided to individuals. Sennheiser's ambition for 2025 is to review and adapt HR processes, provide training and develop KPI's to ensure that one's identity cannot predict the outcome of opportunity and that a variety of people have power, a voice and decision-making authority. Sennheiser's ambition by 2030 is to lead in DEI through aspiring goals that match international standards. Joining leading diversity indices and external reporting.

Sustainability on the supply chain means to establish a management system to protect the rights of all workers in the supply chain and minimise the damage to the environment. Putting a global guideline in place covering social criteria which helps the lives of people in countries with a high risk of social standard violations more equitable, safer, and more participatory, while also protecting their resources. Identifying, assessing and raising awareness for social disparities and developing solutions to reduce them. This includes the following topics; Human Rights, Work Practices, Fair Business Practices and Environment. Sennheiser's ambition for 2025 is to improve collaboration with supply chain partners, usually through new technology, it helps to allocate risks more appropriately and reduce costs for companies.

## ***Human Rights***

Sennheiser is committed to 'respect human rights' and to avoid infringing on the human rights of others and to address any adverse human rights impacts of which Sennheiser is involved. Sennheiser have identified risks from both the direct business impacts, as well as broader community impacts that directly result from supply-chain business operations, products, or services. We will continue to work closely with third party Sennheiser partners to ensure that this is of importance to them and any risks are addressed immediately.

# Management's Review

## ***Anti-Corruption and Bribery***

Anti-corruption and Bribery for Sennheiser focuses on preventing bribery, fraud and other corrupt practices within the organisation. It is important to Sennheiser to promote transparency and accountability throughout the organisation and have invested in training for all employees in compliance. This is to ensure that everyone knows the correct practices. As a Sales organisation we are also aware of corrupt business practices and bribery that can be associated so all Sales employees have also taken place in additional face to face trainings for Sales compliance.

## ***CSR Summary***

The Danish Company's main activities are selling Sennheiser electro-acoustic products, services and systems in the Nordic countries. Based on a risk analysis, the Company has assessed that there are for the Nordic activities no significant risks for negatively affecting human rights, environmental and climate issues, social and employee conditions as well as anti-corruption. Therefore, the Company has not developed policies on the abovementioned areas.

## **Section 99 b of the Danish Financial Statements Act**

Sennheiser is committed to creating and maintaining workplace environments that support out employees. We are about people and their individual needs and strive to provide employees with opportunities to achieve and aspire. No matter of position everyone at Sennheiser should know that we foster an environment of openness and trust.

Diversity and inclusiveness is important to Sennheiser and something that we have looked at introducing initiatives for. The audio industry is notoriously dominated by male leaders. Sennheiser have tried to change this and although there is still a long way to go it is something that we are committed to improving as soon as possible and in 2021 signed the 'Charter of Diversity'. This starts at the grass roots and we are investing in higher education to try and make the changes here first to feed through to employment.

Sennheiser also continues to assess the health and wellbeing of employees with new initiatives and health care available. Flexibility for employees has also become a hot topic for Sennheiser as a result of COVID. Guidelines relating to flexible working and working from home have been issues in 2022 giving people the option to work from home on a full time basis if this is the preference. We also offer offices in all locations for those that prefer this option.

The Company's general-assembly Board of Directors consist of 3 men. It is the Company's target that at least 1 women is elected to the Board of Directors by the end of 2026. In 2022, there were no change to the Board of Directors which is why this target was not achieved.

Sennheiser has employed less than 50 employees. According to section 139 c, subsection 7 of the Danish Companies Act, Sennheiser is therefore not required to formulate a policy to increase the proportion of the underrepresented gender at other management levels.

# Management's Review

## Statement on data ethics, cf. Section 99 d of the Danish Financial Statements Act

According to section 99(d) of the Danish Financial Statements Act, we have included this section to report on our approach to data ethics.

Sennheiser protects the confidentiality and integrity of the data it holds, including the data of employees, customers and business partners using technical and organisational means. We adhere to applicable data protection laws and regulations. We closely monitor developments in data protection law and incorporate its principles into our business processes and product design. We continue evolving our data protection program to meet the changing demands of the digital environment. We are aware that the fast development in data access, technology and application requires considerations on how to collect, process and apply data in an ethical manner, which we adhere to as a responsible company.

The Company collects, generates and processes data of both personal and non-personal nature as part of the operations within purchasing, supply chain, sales, marketing, HR and finance.

Today, we have a verbal policy on data ethics, and we will strive to convert this into a written data ethics policy during 2023/24.

Where it is required, we make sure that our stakeholders can be comfortable with our handling of the data that they trust us with.

We recognise our GDPR obligations. We process personal data as a controller, e.g. regarding our employees, as part of our day-to-day HR operations.

We recognise the benefits of data utilisation to drive better customer experiences as well as improve internal processes. However, people we engage with, be it our customers or our employees, will always constitute the foundation of our business. Consequently, our data ethical commitment is based on our respect for their privacy and when needed, their consent.

All employees are introduced to our principles regarding data ethics, either at employment or available at our Company intranet. Data ethics is perceived as being very important. The Board of Directors are ultimately responsible for our handling of data ethics. On a day-to-day basis, the ownership of data ethics is anchored with the management team.

## Events after the balance sheet date

There are no significant events to report following the balance sheet date 31 December 2022.

# Management's Review

## Outlook

After the sale of Sennheiser Consumer Audio Nordic and Mobile Music in March 2022, Sennheiser Nordic now remains as a sales subsidiary of Sennheiser focusing solely on the Professional part of the business. Management knows that we will see a significant fall in revenue again in 2023 as a result of missing revenue from the Consumer business. Sales of Professional products remains high and the outlook is positive. As a result of the strategy for Sennheiser Nordic management would expect results between DKK 5-10 million.

## Income Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
<b>Revenue</b>	1	<b>134.089</b>	<b>452.131</b>
Other operating income		2.581	0
Expenses for raw materials and consumables		-104.972	-297.686
Other external expenses		-12.180	-67.980
<b>Gross profit/loss</b>		<b>19.518</b>	<b>86.465</b>
Staff expenses	2	-15.924	-30.640
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-148	-53.490
Other operating expenses		-205	-1
<b>Profit/loss before financial income and expenses</b>		<b>3.241</b>	<b>2.334</b>
Financial income	3	11.746	5.227
Financial expenses	4	-2.836	-5.775
<b>Profit/loss before tax</b>		<b>12.151</b>	<b>1.786</b>
Tax on profit/loss for the year	5	-2.671	-8.066
<b>Profit/loss from continuing activities</b>		<b>9.480</b>	<b>-6.280</b>
Profit/loss from discontinuing activities	6	28.355	0
<b>Net profit/loss for the year</b>		<b>37.835</b>	<b>-6.280</b>

# Balance Sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Acquired concessions		0	9.493
Goodwill		0	269.490
<b>Intangible assets</b>	7	<b>0</b>	<b>278.983</b>
Other fixtures and fittings, tools and equipment		158	1.185
Leasehold improvements		121	1.610
<b>Property, plant and equipment</b>	8	<b>279</b>	<b>2.795</b>
Deposits		722	618
<b>Fixed asset investments</b>	9	<b>722</b>	<b>618</b>
<b>Fixed assets</b>		<b>1.001</b>	<b>282.396</b>
<b>Inventories</b>		<b>0</b>	<b>753</b>
Trade receivables		13.863	21.763
Receivables from group enterprises		243.766	159.469
Deferred tax asset	13	12	167
Corporation tax		0	3.681
Prepayments	10	204	348
<b>Receivables</b>		<b>257.845</b>	<b>185.428</b>
<b>Cash at bank and in hand</b>		<b>2.544</b>	<b>5.954</b>
<b>Currents assets</b>		<b>260.389</b>	<b>192.135</b>
<b>Assets</b>		<b>261.390</b>	<b>474.531</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital	11	1.000	1.000
Foreign currency translation reserve		833	149
Retained earnings		84.447	397.237
Proposed dividend for the year		45.625	0
<b>Equity</b>		<b>131.905</b>	<b>398.386</b>
Provision for deferred tax	13	0	1.054
Other provisions	14	0	3.566
<b>Provisions</b>		<b>0</b>	<b>4.620</b>
Trade payables		375	12.306
Payables to group enterprises		32.286	40.261
Corporation tax		90.773	54
Other payables		6.051	18.904
<b>Short-term debt</b>		<b>129.485</b>	<b>71.525</b>
<b>Debt</b>		<b>129.485</b>	<b>71.525</b>
<b>Liabilities and equity</b>		<b>261.390</b>	<b>474.531</b>
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		



## Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.000	149	397.237	0	398.386
Exchange adjustments	0	684	0	0	684
Extraordinary dividend paid	0	0	-305.000	0	-305.000
Net profit/loss for the year	0	0	-7.790	45.625	37.835
<b>Equity at 31 December</b>	<b>1.000</b>	<b>833</b>	<b>84.447</b>	<b>45.625</b>	<b>131.905</b>

## Cash Flow Statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Net profit/loss for the year		37.835	-6.280
Adjustments	15	80.283	62.219
Change in working capital	16	-111.825	-25.182
<b>Cash flows from operating activities before financial income and expenses</b>		<b>6.293</b>	<b>30.757</b>
Financial income		10	1.098
Financial expenses		-548	-53
<b>Cash flows from ordinary activities</b>		<b>5.755</b>	<b>31.802</b>
Corporation tax paid		-923	-32.680
<b>Cash flows from operating activities</b>		<b>4.832</b>	<b>-878</b>
Purchase of property, plant and equipment		0	-612
Fixed asset investments made etc		-104	0
<b>Cash flows from investing activities</b>		<b>-104</b>	<b>-612</b>
Repayment of payables to group enterprises		-8.138	0
<b>Cash flows from financing activities</b>		<b>-8.138</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>		<b>-3.410</b>	<b>-1.490</b>
Cash and cash equivalents at 1 January		5.954	7.444
<b>Cash and cash equivalents at 31 December</b>		<b>2.544</b>	<b>5.954</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.544	5.954
<b>Cash and cash equivalents at 31 December</b>		<b>2.544</b>	<b>5.954</b>

# Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	21.223	321.640
Revenue, Norway	33.382	37.243
Revenue, Sweden	49.744	56.027
Revenue, Finland	29.740	37.221
	<b>134.089</b>	<b>452.131</b>
<b>2 Staff expenses</b>		
Wages and salaries	13.527	26.886
Pensions	1.202	2.410
Other social security expenses	1.195	1.344
	<b>15.924</b>	<b>30.640</b>
<b>Average number of employees</b>	<b>21</b>	<b>38</b>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>3 Financial income</b>		
Interest received from group enterprises	7.954	1.006
Other financial income	10	93
Exchange gains	3.782	4.128
	<b>11.746</b>	<b>5.227</b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	1	0
Other financial expenses	548	53
Exchange loss	2.287	5.722
	<b>2.836</b>	<b>5.775</b>

## Notes to the Financial Statements

### 5 Tax on profit/loss for the year

Current tax for the year	4.698	11.540
Deferred tax for the year	-1.066	-3.854
Adjustment of tax concerning previous years	-961	380
	<u>2.671</u>	<u>8.066</u>

### 6 Discontinuing activities

Revenue	27.954	0
Other operating income	388.037	0
Expenses for raw materials and consumables	-17.783	0
Other external expenses	-557	0
<b>Gross profit/loss</b>	<b>397.651</b>	<b>0</b>
Staff expenses	-2.057	0
Other operating expenses	-281.549	0
<b>Profit/loss before financial income and expenses</b>	<b>114.045</b>	<b>0</b>
Financial income	513	0
<b>Profit/loss before tax</b>	<b>114.558</b>	<b>0</b>
Tax on profit/loss for the year	-86.203	0
	<u>28.355</u>	<u>0</u>

## Notes to the Financial Statements

### 7 Intangible assets

	Technology TDKK	Goodwill TDKK
Cost at 1 January	53.991	336.862
Disposals for the year	-53.991	-336.862
Revaluations at 31 December	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 1 January	44.498	67.372
Reversal of amortisation of disposals for the year	-44.498	-67.372
Impairment losses and amortisation at 31 December	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>0</u></b>

### 8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	7.355	2.040
Disposals for the year	-927	-1.441
Cost at 31 December	<u>6.428</u>	<u>599</u>
Impairment losses and depreciation at 1 January	6.170	430
Depreciation for the year	100	48
Impairment losses and depreciation at 31 December	<u>6.270</u>	<u>478</u>
<b>Carrying amount at 31 December</b>	<b><u>158</u></b>	<b><u>121</u></b>

### 9 Fixed asset investments

	Deposits TDKK
Cost at 1 January	618
Disposals for the year	104
Cost at 31 December	<u>722</u>
<b>Carrying amount at 31 December</b>	<b><u>722</u></b>

# Notes to the Financial Statements

## 10 Prepayments

Prepayments consist of incurred costs relating to subsequent financial years

## 11 Share capital

The share capital consists of 1,000,001 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Share capital at 1 January	1.000	1.000	1.000	1.000	1.000
Capital increase	0	0	0	0	0
Capital decrease	0	0	0	0	0
<b>Share capital at 31 December</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

In 2020, the share capital increased by DKK 1 as a result of the Sennheiser Communications A/S demerger.

## 12 Distribution of profit

Extraordinary dividend paid	305.000	0
Proposed dividend for the year	45.625	0
Retained earnings	-312.790	-6.280
	<b>37.835</b>	<b>-6.280</b>

# Notes to the Financial Statements

## 13 Deferred tax asset

Deferred tax asset at 1 January	-887	-4.752
Amounts recognised in the income statement for the year	1.066	3.854
Other amounts recognised for the year	-167	11
<b>Deferred tax asset at 31 December</b>	<b>12</b>	<b>-887</b>
Intangible assets	0	-2.087
Property, plant and equipment	-310	643
Inventories	0	25
Trade receivables	110	56
Provisions	213	476
Transferred to deferred tax asset	12	167
	<b>0</b>	<b>1.054</b>

Deferred tax has been provided at 22% corresponding to the current tax rate.

### Deferred tax asset

Calculated tax asset	12	167
<b>Carrying amount</b>	<b>12</b>	<b>167</b>

## 14 Other provisions

Other provisions	0	3.566
	<b>0</b>	<b>3.566</b>

## 15 Cash flow statement - adjustments

Financial income	-12.259	-5.227
Financial expenses	2.836	5.775
Depreciation, amortisation and impairment losses, including losses and gains on sales	148	53.513
Provisions	684	92
Tax on profit/loss for the year	88.874	8.066
	<b>80.283</b>	<b>62.219</b>

## Notes to the Financial Statements

### 16 Cash flow statement - change in working capital

Change in inventories	752	659
Change in receivables	-76.252	-31.044
Change in trade payables, etc	-36.325	5.203
	<u>-111.825</u>	<u>-25.182</u>

### 17 Contingent assets, liabilities and other financial obligations

#### Other contingent liabilities

Rent and lease liabilities	5.068	6.509
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Rent and lease liabilities include a rent obligation totalling DKK 4.185 thousand (2021: DKK 4,984 thousand) regarding non-cancellable rent agreements. Furthermore, the Company has commitments under operating leases for cars and IT equipment totalling TDKK 883 (2021: TDKK 1,525)



# Notes to the Financial Statements

## 18 Related parties

### Basis

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#### Controlling interest

Sennheiser Global Operation GmbH

Controls 100% of the share capital and votes

#### Other related parties

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

#### Consolidated Financial Statements

Information about consolidated financial statements

Name

Place of registered office

Sennheiser Global Operations GmbH

Am Labor 1, D-30900 Wedemark, Germany

## Notes to the Financial Statements

### 19 Fee to auditors appointed at the general meeting

#### PricewaterhouseCoopers

Audit fee	240	0
Other assurance engagements	45	0
Tax advisory services	10	0
	<u>295</u>	<u>0</u>

#### EY

Audit fee	0	220
Other assurance engagements	0	85
Tax advisory services	0	13
	<u>0</u>	<u>318</u>
	<u>295</u>	<u>318</u>

# Notes to the Financial Statements

## 20 Accounting Policies

The Annual Report of Sennheiser Nordic A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Recognition and measurement

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

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

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

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

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Currency translation adjustments for foreign branches are recognised directly on equity.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-13	years
Leasehold improvements	5-13	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

#### *Dividend*

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

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the

# Notes to the Financial Statements

## 20 Accounting Policies (continued)

loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

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

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.



# Notes to the Financial Statements

## 20 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Solvency ratio

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

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$