

Sennheiser Nordic A/S


Delta Park 45, DK-2665 Vallensbæk Strand

CVR no. 28 89 31 40

Annual report 2020

Approved at the Company's annual general meeting on 1 July 2021

Chair of the meeting:



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Daniel Sennheiser

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sennheiser Nordic A/S for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Vallensbæk, 1 July 2021
Executive Board:



.....
Kelly Watts

Board of Directors:



.....
Daniel Sennheiser
Chair



.....
Henke Hahn



.....
Jørgen Wengel

Independent auditor's report

To the shareholder of Sennheiser Nordic A/S

Opinion

We have audited the financial statements of Sennheiser Nordic A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2020 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 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 the 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.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note 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.

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.

Copenhagen, 1 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677

Management's review

Company details

Name	Sennheiser Nordic A/S
Address, Postal code, City	Delta Park 45, DK-2665 Vallensbæk Strand
CVR no.	28 89 31 40
Established	1 July 2005
Registered office	Vallensbæk
Financial year	1 January - 31 December
Board of Directors	Daniel Sennheiser, Chair Heinke Hahn Jørgen Wengel
Executive Board	Kelly Watts
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	107,457	26,797	28,670	37,605	36,683
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	78,972	-404	3,735	6,007	5,359
Net financials	1,449	-5,544	1,322	2,934	-1,726
Profit/loss for the year	5,746	-6,114	3,473	5,798	1,971
Fixed assets					
Fixed assets	335,373	3,362	1,790	1,630	2,301
Non-fixed assets	159,994	41,990	44,644	60,341	57,730
Total assets	495,367	45,352	46,434	61,971	60,031
Equity					
Equity	404,565	10,064	11,258	17,435	14,329
Cash flows					
Cash flows from operating activities	-8,626	-2,750	4,515	5,798	1,971
Amount relating to investments in property, plant and equipment	-2,796	-2,209	18	48	143
Total cash flows	-26,422	-5,083	-3,411	5,798	1,971
Financial ratios					
Equity ratio	81.7%	22.2%	24.2%	28.1%	23.9%
Return on equity	2.8%	-57.3%	24.2%	36.5%	9.4%
Average number of employees					
Average number of employees	47	39	40	49	47

For terms and definitions for financial ratios, please see the accounting policies.

Management's review

Business review

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 2020 shows a profit of DKK 5.7 million against a loss of DKK 6.1 million last year, and the balance sheet at 31 December 2020 DKK 495.4 million and a equity of DKK 404.6 million.

With effect from 1 January 2020 the Company has received the Mobile Music-activities from the demerger of Sennheiser Communications A/S. Consequently the activities has significantly increased. However, The Company's total activities has been negatively impacted by COVID-19.

In the annual report for 2019, Management expected a profit of DKK 30-50 million. The actual profit amounts to DKK 5.7 million. Management considers the Company's financial performance in the year for not satisfactory.

Foreign branches

Sennheiser Nordic (Norway), Fredrik Selmers vei 6, 0663 Oslo, Norway
Sennheiser Nordic (Sweden), Vretenvägen 10, 171 54 Solna, Sweden
Sennheiser Nordic (Finland), Lautatarhankatu 6, 00800 Helsinki, Finland

Events after the balance sheet date

On 7 May 2021, Sennheiser and the Sonova Holding AG with headquarters in Stäfa, Switzerland, announced their future cooperation under the Sennheiser brand. The global provider of medical hearing solutions will fully take over Sennheiser's Consumer Electronics business. Subject to regulatory approval, the plan is to complete the transfer of the business to Sonova by the end of 2021.

Outlook

After the successful demerger of Sennheiser Communications in 2020, Sennheiser realised a significant increase in revenue and income. Management expects that this increased revenue will continue at a similar level in 2021 with additional products added to the portfolio. The COVID-19 pandemic continues into 2021 and anticipate that this will have a negative impact for H1 but should return to normal levels for H2. If this is realised then we would expect results between DKK 30-50 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	107,457	26,797
2	Staff costs	-28,222	-27,180
	Amortisation and depreciation	-62,821	-254
	Other operating expenses	-263	-21
	Profit/loss before net financials	16,151	-658
3	Financial income	3,360	2,599
4	Financial expenses	-1,911	-8,143
	Profit/loss before tax	17,600	-6,202
5	Tax for the year	-11,854	88
	Profit/loss for the year	5,746	-6,114

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Technology	26,294	0
	Goodwill	303,176	0
		<u>329,470</u>	<u>0</u>
7	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	3,324	679
	Leasehold improvements	1,721	1,835
		<u>5,045</u>	<u>2,514</u>
8	Investments		
	Deposits	858	848
		<u>858</u>	<u>848</u>
	Total fixed assets	<u>335,373</u>	<u>3,362</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	1,412	2,005
		<u>1,412</u>	<u>2,005</u>
	Receivables		
	Trade receivables	27,209	27,726
	Receivables from group entities	123,181	463
	Corporation tax receivable	378	2,953
	Deferred tax asset	223	579
9	Prepayments	147	410
		<u>151,138</u>	<u>32,131</u>
	Cash	7,444	7,854
	Total non-fixed assets	<u>159,994</u>	<u>41,990</u>
	TOTAL ASSETS	<u>495,367</u>	<u>45,352</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	1,000	1,000
	Foreign currency translation reserve	48	0
	Retained earnings	403,517	9,064
	Dividend proposed	0	0
	Total equity	404,565	10,064
	Provisions		
	Deferred tax	4,975	0
	Other provisions	3,474	2,538
12	Total provisions	8,449	2,538
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Other payables	1,552	487
		1,552	487
	Current liabilities other than provisions		
	Trade payables	7,422	2,677
	Payables to group entities	34,884	9,174
	Corporation tax payable	16,085	334
	Other payables	22,410	20,078
		80,801	32,263
		82,353	32,750
	TOTAL EQUITY AND LIABILITIES	495,367	45,352

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Foreign currency translation reserve	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2020	1,000	0	9,064	0	10,064
	Addition through demerger of Sennheiser Communications A/S	0	0	388,707	15,000	403,707
16	Transfer, see "Appropriation of profit/loss"	0	0	5,746	0	5,746
	Adjustment of branches through foreign exchange adjustments	0	48	0	0	48
	Dividend distributed	0	0	0	-15,000	-15,000
	Equity at 31 December 2020	1,000	48	403,517	0	404,565

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2020	2019
	Profit/loss for the year	5,746	-6,114
17	Adjustments	74,425	5,521
	Cash generated from operations (operating activities)	80,171	-593
18	Changes in working capital	-87,570	13
	Cash generated from operations (operating activities)	-7,399	-580
	Interest received, etc.	455	201
	Interest paid, etc.	-107	-175
	Income taxes paid	-1,575	-2,196
	Cash flows from operating activities	-8,626	-2,750
	Additions of property, plant and equipment	-2,796	-2,209
	Purchase of financial assets	0	-124
	Cash flows to investing activities	-2,796	-2,333
	Dividends paid	-15,000	0
	Cash flows from financing activities	-15,000	0
	Net cash flow	-26,422	-5,083
	Cash and cash equivalents at 1 January	7,854	12,937
	Cash received through demerger	26,012	0
	Cash and cash equivalents at 31 December	7,444	7,854

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sennheiser Nordic A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

With effect from 1 January 2020, the Company has received the Mobile Music-activities from the demerger of Sennheiser Communications A/S. The acquisition has been accounted for in accordance with the acquisition method. Consequently, the comparative figures have not been amended.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including holiday allowance and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation on intangible assets and depreciation on property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated over the expected useful life. Technology is amortised based expected utilisation, while goodwill and fixtures and fittings, tools and equipment and leasehold improvements are amortised/depreciated straight-line on the expected useful life:

Technology	4 years
Goodwill	10 years
Fixtures and fittings, tools and equipment	2-13 years
Leasehold improvements	5-13 years

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as allowances and surcharges under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments.

Technology consists of technology received from the demerger of Sennheiser Communication A/S.

Technology are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

Leases that do not transfer substantially all the risks and rewards incident to ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingent liabilities.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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.

Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Corporation tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value, which typically equals nominal value.

Cash flow statement

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

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 paid corporate income tax.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019	
2 Staff costs			
Wages/salaries	25,042	23,524	
Pensions	1,974	2,115	
Other social security costs	1,206	1,541	
	<u>28,222</u>	<u>27,180</u>	
Average number of full-time employees	<u>47</u>	<u>39</u>	
By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration of Management is not disclosed.			
DKK'000	2020	2019	
3 Financial income			
Interest income, group entities	200	167	
Exchange gains	2,905	2,398	
Other financial income	255	34	
	<u>3,360</u>	<u>2,599</u>	
4 Financial expenses			
Interest expenses, group entities	107	175	
Exchange losses	1,761	7,295	
Other financial expenses	43	673	
	<u>1,911</u>	<u>8,143</u>	
5 Tax for the year			
Estimated tax charge for the year	16,644	82	
Deferred tax adjustments in the year	-4,798	-94	
Tax adjustments, prior years	8	-76	
	<u>11,854</u>	<u>-88</u>	
6 Intangible assets			
DKK'000	<u>Technology</u>	<u>Goodwill</u>	<u>Total</u>
Cost at 1 January 2020	0	0	0
Additions through demerger	53,991	336,862	390,853
Cost at 31 December 2020	<u>53,991</u>	<u>336,862</u>	<u>390,853</u>
Impairment losses for the year	4,717	0	4,717
Amortisation for the year	<u>22,980</u>	<u>33,686</u>	<u>56,666</u>
Impairment losses and amortisation at 31 December 2020	<u>27,697</u>	<u>33,686</u>	<u>61,383</u>
Carrying amount at 31 December 2020	<u>26,294</u>	<u>303,176</u>	<u>329,470</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	2,566	1,898	4,464
Foreign exchange adjustments	-108	0	-108
Additions through demerger	3,030	0	3,030
Additions	2,728	68	2,796
Disposals	-1,329	0	-1,329
Cost at 31 December 2020	6,887	1,966	8,853
Impairment losses and depreciation at 1 January 2020	1,887	63	1,950
Foreign exchange adjustments	-43	0	-43
Accumulated depreciations of additions through demerger	1,526	0	1,526
Depreciation	1,255	182	1,437
Reversal of accumulated depreciation and impairment of assets disposed	-1,062	0	-1,062
Impairment losses and depreciation at 31 December 2020	3,563	245	3,808
Carrying amount at 31 December 2020	3,324	1,721	5,045

8 Investments

DKK'000	Deposits
Cost at 1 January 2020	848
Foreign exchange adjustments	10
Cost at 31 December 2020	858
Carrying amount at 31 December 2020	858

9 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
10 Share capital		
Analysis of the share capital:		
1,000,001 shares of DKK 1.00 nominal value each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2020	2019	2018	2017	2016
Opening balance	1,000	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

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

11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,552	0	1,552	0
	<u>1,552</u>	<u>0</u>	<u>1,552</u>	<u>0</u>

12 Provisions

Deferred tax

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

Warranty provision

Other provisions comprise provisions for warranty commitments, totalling DKK 3,474 thousand (2019: DKK 2,538 thousand). Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is two years. The Company has guarantees towards third party regarding rent deposits, totalling DKK 297 thousand in 2020.

13 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2020	2019
Rent and lease liabilities	6,879	10,110
	<u>6,879</u>	<u>10,110</u>

Rent and lease liabilities include a rent obligation totalling DKK 6,037 thousand regarding non-cancellable rent agreements. Furthermore, the Company has commitments under operating leases for cars and IT equipment totalling DKK 842 thousand.

14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties

Sennheiser Nordic A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Sennheiser Global Operations GmbH	Am Labor 1, D-30900 Wedemark, Germany	Controls 100% of the share capital and votes

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sennheiser Electronic GmbH & Co. KG	Am Labor 1, D-30900 Wedemark, Germany	By contact to the company

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Sennheiser Global Operations GmbH	Am Labor 1, D-30900 Wedemark, Germany

	2020	2019
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	5,746	-6,114
	<u>5,746</u>	<u>-6,114</u>
17 Adjustments		
Amortisation/depreciation and impairment losses	62,821	254
Gain/loss on the sale of non-current assets	263	26
Provisions	936	-215
Financial income	-3,360	-2,599
Financial expenses	1,911	8,143
Tax for the year	11,854	-88
	<u>74,425</u>	<u>5,521</u>
18 Changes in working capital		
Change in inventories	517	-207
Change in receivables	-121,938	-987
Change in trade and other payables	33,851	1,207
	<u>-87,570</u>	<u>13</u>