

# Sennheiser Nordic A/S

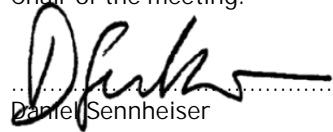
Delta Park 45, DK-2665 Vallensbæk Strand

CVR no. 28 89 31 40

## Annual report 2021

Approved at the Company's annual general meeting on

Chair of the meeting:

  
.....  
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 2021.

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 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

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, 20 July 2022  
Executive Board:



Kelly Watts

Board of Directors:



Daniel Sennheiser  
Chair



Jørgen Wengel



Steffen Dieter Paul-Jürgen  
Ulrich Heise

## 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 2021, 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 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2021 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' 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.

### 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, 20 July 2022  
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 Jørgen Wengel Steffen Dieter Paul-Jürgen Ulrich Heise
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	2021	2020	2019	2018	2017
<b>Key figures</b>					
Revenue	452,131	487,773	-	-	-
Gross profit	86,465	107,457	26,797	28,670	37,605
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	55,824	78,972	-404	3,735	6,007
Net financials	-548	1,449	-5,544	1,322	2,934
Profit/loss for the year	-6,280	5,746	-6,114	3,473	5,798
<b>Assets</b>					
Fixed assets	282,396	335,373	3,362	1,790	1,630
Non-fixed assets	192,135	159,994	41,990	44,644	60,341
Total assets	474,531	495,367	45,352	46,434	61,971
Equity	398,386	404,565	10,064	11,258	17,435
<b>Cash flows</b>					
Cash flows from operating activities	-878	-8,626	-2,750	4,515	5,798
Amount relating to investments in property, plant and equipment	-612	-2,796	2,209	18	48
Total cash flows	-1,490	-26,422	-5,083	-3,411	5,798
<b>Financial ratios</b>					
Equity ratio	84.0%	81.7%	22.2%	24.2%	28.1%
Return on equity	-1.6%	2.8%	-57.3%	24.2%	36.5%
<b>Average number of full-time employees</b>					
Average number of full-time employees	38	47	39	40	49

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 2021 shows a loss of DKK 6.2 million against a profit of DKK 5.7 million last year, and the balance sheet at 31 December 2021 DKK 474.5 million and a equity of DKK 398.4 million.

In the annual report for 2020, Management expected a profit of DKK 30-50 million. The actual profit before tax amounts to DKK 1.8 million. The Covid-19 pandemic continued through 2021 to negatively impact the result more than anticipated. 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  
Sennheisser Nordic (Finland), Lautatarhankatu 6, 00800 Helsinki, Finland

### Statutory CSR report

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 our workforce, enhance the planet and positively impact people around the world.

As a diverse and global company with supply chains around the world we must consider a wide and complex set of CSR issues. The environmental and social issues most significant to the business include environmental sustainability, workforce practices, diversity and inclusion, supply chain labour standards and products. Although Sennheiser Group currently does not have a CSR policy this is in progress and will be available in 2022. 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.

Sennheiser Group have started the process of identifying our CO2 emissions globally and for Sales subsidiaries this is mainly relating to business travel. We are now finding ways to limit this travel or find low emission alternatives. For large corporate events Sennheiser Group will also look at ways of giving back to the environment to offset the CO2 emissions.

Product packing is also something that we have started to change to reduce the use of plastic and make it more sustainable. Sennheiser products are known for their longevity and reliability. We also offer technical services to repair products where possible and reuse components where necessary.

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 but the Company will follow the Group's policies when made available.



## Management's review

Account of the gender composition of Management, cf. §99b

Sennheiser is committed to creating and maintaining workplace environments that support our employees. We care 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 this year 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 hybrid and working from home will come out in 2022.

The Company's general-assembly Board of Directors consist of 3 men. It is the Company's target that at least 1 woman is elected to the Board of Directors by the end of 2026. In 2021, there were no change to the Board of Directors which is why the target was not achieved.

The Company has below 50 employees and, therefore, no policy on gender diversity in other managerial positions have been developed.

### Data ethics

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 2022/23.

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 recognize 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 recognize the benefits of data utilization 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.

## Management's review

### Events after the balance sheet date

In May 2021 it was announced that Sennheiser Group and Sonova Holding AG would form a partnership for the Consumer part of the business under the brand of Sennheiser. This included a 100% sale of Sennheiser Consumer Audio to Sonova Holding AG. As a result of this on the 28th February 2022, Mobile Music was sold from Sennheiser Nordic to the parent company in Hannover, Germany. Consequently the remaining Sennheiser Consumer Audio Nordic was then also sold to Sonova on the 1st March 2022.

### Outlook

After the sale of Sennheiser Consumer Audio Nordic and Mobile Music in Q1 of 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 in comparison to 2021. As we come out of 2 years of the pandemic we see sales of the professional products above pre pandemic levels. As a result of the strategy for Sennheiser Nordic management would expect results between DKK 5-10 million.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2021	2020
3	Revenue	452,131	487,773
	Cost of sales	-297,686	-327,257
	External expenses	-67,980	-53,059
	Gross profit	86,465	107,457
4	Staff costs	-30,640	-28,222
	Amortisation and depreciation	-53,490	-62,821
	Other operating expenses	-1	-263
	Profit before net financials	2,334	16,151
5	Financial income	5,227	3,360
6	Financial expenses	-5,775	-1,911
	Profit before tax	1,786	17,600
7	Tax for the year	-8,066	-11,854
	Profit/loss for the year	-6,280	5,746

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Technology	9,493	26,294
	Goodwill	269,490	303,176
		<u>278,983</u>	<u>329,470</u>
9	Property, plant and equipment		
	Fixtures and fittings, tools and equipment	1,185	3,324
	Leasehold improvements	1,610	1,721
		<u>2,795</u>	<u>5,045</u>
10	Investments		
	Deposits	618	858
		<u>618</u>	<u>858</u>
	Total fixed assets	<u>282,396</u>	<u>335,373</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	753	1,412
		<u>753</u>	<u>1,412</u>
	Receivables		
	Trade receivables	21,763	27,209
	Receivables from group entities	159,469	123,181
13	Deferred tax assets	167	223
	Corporation tax receivable	3,681	378
11	Prepayments	348	147
		<u>185,428</u>	<u>151,138</u>
	Cash	5,954	7,444
	Total non-fixed assets	<u>192,135</u>	<u>159,994</u>
	TOTAL ASSETS	<u><u>474,531</u></u>	<u><u>495,367</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	1,000	1,000
	Foreign currency translation reserve	149	48
	Retained earnings	397,237	403,517
	Total equity	<u>398,386</u>	<u>404,565</u>
	Provisions		
13	Deferred tax	1,054	4,975
	Other provisions	3,566	3,474
14	Total provisions	<u>4,620</u>	<u>8,449</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	0	1,552
		<u>0</u>	<u>1,552</u>
	Current liabilities other than provisions		
	Trade payables	12,306	7,422
	Payables to group entities	40,261	34,884
	Corporation tax payable	54	16,085
	Other payables	18,904	22,410
		<u>71,525</u>	<u>80,801</u>
	Total liabilities other than provisions	<u>71,525</u>	<u>82,353</u>
	TOTAL EQUITY AND LIABILITIES	<u>474,531</u>	<u>495,367</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting
- 19 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	Total
	Equity at 1 January 2021	1,000	48	403,517	404,565
19	Transfer, see "Appropriation of profit/loss"	0	0	-6,280	-6,280
	Exchange rate adjustments	0	101	0	101
	Equity at 31 December 2021	1,000	149	397,237	398,386

## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2021	2020
	Profit/loss for the year	-6,280	5,746
20	Adjustments	62,219	74,425
	Cash generated from operations (operating activities)	55,939	80,171
21	Changes in working capital	-25,182	-87,570
	Cash generated from operations (operating activities)	30,757	-7,399
	Interest received, etc.	1,098	455
	Interest paid, etc.	-53	-107
	Income taxes paid	-32,680	-1,575
	Cash flows from operating activities	-878	-8,626
	Additions of property, plant and equipment	-612	-2,796
	Cash flows to investing activities	-612	-2,796
	Dividends paid	0	-15,000
	Cash flows from financing activities	0	-15,000
	Net cash flow	-1,490	-26,422
	Cash and cash equivalents at 1 January	7,444	7,854
	Cash received through demerger	0	26,012
	Cash and cash equivalents at 31 December	5,954	7,444

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Sennheiser Nordic A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

For the financial year 2020, the annual report was prepared in accordance with the provisions applying to class C entities (medium). 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.

##### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including 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.

##### 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

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



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

##### 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).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

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.

#### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

#### 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

#### 2 Events after the balance sheet date

In May 2021 it was announced that Sennheiser Group and Sonova Holding AG would form a partnership for the Consumer part of the business under the brand of Sennheiser. This included a 100% sale of Sennheiser Consumer Audio to Sonova Holding AG. As a result of this on the 28th February 2022, Mobile Music was sold from Sennheiser Nordic to the parent company in Hannover, Germany. Consequently the remaining Sennheiser Consumer Audio Nordic was then also sold to Sonova on the 1st March 2022. As the two businesses cannot be separated from the other activities, the two businesses have not been presented as discontinued operations in the financial statements for 2021.

#### 3 Segment information

##### Geographical - secondary segment

DKK'000	Denmark	Norway	Sweden	Finland	Other within EU	1
2021						
Revenue	321,640	37,243	56,027	37,221	0	452,131

DKK'000	2021	2020
4 Staff costs		
Wages/salaries	26,886	25,042
Pensions	2,410	1,974
Other social security costs	1,344	1,206
	<u>30,640</u>	<u>28,222</u>
Average number of full-time employees	<u>38</u>	<u>47</u>

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration of Management is not disclosed.

DKK'000	2021	2020
5 Financial income		
Interest income, group entities	1,006	200
Exchange gains	4,128	2,905
Other financial income	93	255
	<u>5,227</u>	<u>3,360</u>
6 Financial expenses		
Interest expenses, group entities	0	107
Exchange losses	5,722	1,761
Other financial expenses	53	43
	<u>5,775</u>	<u>1,911</u>
7 Tax for the year		
Estimated tax charge for the year	11,540	16,644
Deferred tax adjustments in the year	-3,854	-4,798
Tax adjustments, prior years	380	8
	<u>8,066</u>	<u>11,854</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

8	Intangible assets			
	DKK'000	Technology	Goodwill	Total
	Cost at 1 January 2021	53,991	336,862	390,853
	Cost at 31 December 2021	53,991	336,862	390,853
	Impairment losses and amortisation at 1 January 2021	27,697	33,686	61,383
	Amortisation for the year	16,801	33,686	50,487
	Impairment losses and amortisation at 31 December 2021	44,498	67,372	111,870
	Carrying amount at 31 December 2021	9,493	269,490	278,983
9	Property, plant and equipment			
	DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
	Cost at 1 January 2021	6,887	1,966	8,853
	Foreign exchange adjustments	-1	0	-1
	Additions	538	74	612
	Disposals	-69	0	-69
	Cost at 31 December 2021	7,355	2,040	9,395
	Impairment losses and depreciation at 1 January 2021	3,563	245	3,808
	Foreign exchange adjustments	-1	0	-1
	Depreciation	2,656	185	2,841
	Depreciation and impairment of disposals	-48	0	-48
	Impairment losses and depreciation at 31 December 2021	6,170	430	6,600
	Carrying amount at 31 December 2021	1,185	1,610	2,795
10	Investments			
	DKK'000			Deposits
	Cost at 1 January 2021			858
	Disposals			-240
	Cost at 31 December 2021			618
	Carrying amount at 31 December 2021			618
11	Prepayments			
	Prepayments comprise incurred costs relating to subsequent financial years.			

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2021	2020
12 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	2021	2020	2019	2018	2017
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>

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

13 Deferred tax		
Deferred tax at 1 January	4,752	-579
Deferred tax adjustment for the year	-3,854	-4,798
Deferred tax from demerger	0	11,922
Exchange rate translation	-11	-1,793
Deferred tax at 31 December	<u>887</u>	<u>4,752</u>

Deferred tax relates to:

Intangible assets	2,087	5,784
Property, plant and equipment	-643	-365
Inventories	-25	-84
Receivables	-56	-105
Provisions	-476	-478
	<u>887</u>	<u>4,752</u>

Analysis of the deferred tax

Deferred tax assets	-167	-223
Deferred tax liabilities	1,054	4,975
	<u>887</u>	<u>4,752</u>

### 14 Provisions

#### *Warranty provision*

Other provisions comprise provisions for warranty commitments, totalling DKK 3,566 thousand (2020: DKK 3,474 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 2021 (2020: DKK 297 thousand).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	<u>6,509</u>	<u>7,975</u>

Rent and lease liabilities include a rent obligation totalling DKK 4,984 thousand (2020: DKK 6,037 thousand) regarding non-cancellable rent agreements. Furthermore, the Company has commitments under operating leases for cars and IT equipment totalling DKK 1,525 thousand (2020: DKK 1,938 thousand)

#### 16 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 17 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

Sennheiser Nordic A/S was engaged in the below related party transactions:

DKK'000	2021	2020
Sales of Goods - Parent Company	282,800	318,158
Sales of Goods - affiliated companies	2,000	2,502
Purchase of goods - Parent Company	144,600	314,522
Management Fee - Parent Company	54,700	40,342
Management Fee - affiliated companies	3,400	-10
Interests - Parent Company	1,006	97
Receivables from group companies	159,469	123,181
Payables to group companies	40,261	34,884

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 17 Related parties (continued)

##### 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

DKK'000	2021	2020
18 Fee to the auditors appointed by the Company in general meeting		
Total fees to EY	318	218
Statutory audit	220	
Tax assistance	13	
Other assistance	85	
	318	
DKK'000	2021	2020
19 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-6,280	5,746
	-6,280	5,746
20 Adjustments		
Amortisation/depreciation and impairment losses	53,490	62,821
Gain/loss on the sale of non-current assets	23	263
Provisions	92	936
Financial income	-5,227	-3,360
Financial expenses	5,775	1,911
Tax for the year	8,066	11,854
	62,219	74,425
21 Changes in working capital		
Change in inventories	659	517
Change in receivables	-31,044	-121,938
Change in trade and other payables	5,203	33,851
	-25,182	-87,570