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Havneholmen 29
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SONOS NORDICS APS
STRANDVEJEN 60, 2900 HELLERUP
ANNUAL REPORT
2015/16

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 1 February 2017**

Gerben Anton Bomers

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COMPANY DETAILS

Company	Sonos Nordics ApS Strandvejen 60 2900 Hellerup CVR no.: 32 31 24 62 Established: 17 June 2014 Registered Office: Hellerup Financial Year: 1 October 2015 - 30 September 2016
Board of Executives	Gerben Anton Bomers Volker Weisshaar Ulrik Hvid
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Sonos Nordics ApS for the year 1 October 2015 - 30 September 2016.

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

In our opinion the financial statements give a true and fair view of the company's financial position at 30 September 2016 and of the results of the company's operations for the financial year 1 October 2015 - 30 September 2016.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.

The board of executives remain of the opinion that the conditions for opting out of audit have been fulfilled.

We recommend that the Annual Report be approved at the Annual General meetings.

Hellerup, 1 February 2017

Board of Executives

Gerben Anton Bomers

Volker Weisshaar

Ulrik Hvid

ENGAGEMENT TO COMPILE FINANCIAL INFORMATION

To the Shareholder of Sonos Nordics ApS

We have compiled the financial statements of Sonos Nordics ApS for the financial year 1 October 2015 - 30 September 2016 based on the company's accounting records and other information provided by management.

These financial statements comprise a summary of significant accounting policies, income statement, balance sheet and notes.

We performed this compilation engagement in accordance with the International Standard, Compilation Engagements.

We have applied our professional expertise to assist management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Accountants Act and FSR - Danish auditors' Ethical rules applying to auditors, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are management's responsibility.

Since an engagement to compile financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by management to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 1 February 2017

BDO Statsautoriseret revisionsaktieselskab, CVR-nr. 20 22 26 70

Iben Larsen
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Principal activities

The company's activities are to develop and provide sales and distribution channels for Sonos Europe B.V.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

ACCOUNTING POLICIES

The annual report of Sonos Nordics ApS for 2015/16 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.

The Annual Report is prepared consistently with the accounting principles used last year.

General about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and writedown, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits 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 likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of intangible and tangible fixed assets is reviewed annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Consolidated financial statements

The group comply with the exemption clause of the § 110 for financial reporting for smaller groups in the Danish Financial Statements Act and therefore consolidated financial statements have not been prepared.

INCOME STATEMENT

Net revenue

The net revenue from sale of services is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other external costs

Other external costs include costs relating to distribution, sale, advertising, administration, premises, loss on bad debts, operating lease expenses and similar expenses.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

ACCOUNTING POLICIES

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Fixed asset investments

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Dividend

The expected payment of dividend for the year is recognised as a separate item under the equity capital.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Liabilities are measured at amortised cost equal to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER

	Note	2015/16 EUR	2014/15 EUR
GROSS PROFIT		1.110.852	1.061.751
Staff costs.....	1	-1.010.972	-988.998
OPERATING PROFIT		99.880	72.753
Other financial expenses.....		-2.768	-3.012
PROFIT BEFORE TAX		97.112	69.741
Tax on profit/loss for the year.....	2	-22.631	-16.652
PROFIT FOR THE YEAR		74.481	53.089
PROPOSED DISTRIBUTION OF PROFIT			
Accumulated profit.....		74.481	53.089
TOTAL		74.481	53.089

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	2016 EUR	2015 EUR
Equity investments in group enterprises.....		5.320	0
Rent deposit.....		19.022	26.150
Fixed asset investments.....	3	24.342	26.150
FIXED ASSETS.....		24.342	26.150
Receivables from group enterprises.....		277.534	133.897
Other receivables.....		64.349	19.496
Prepayments and accrued income.....		11.953	9.816
Accounts receivable.....		353.836	163.209
Cash and cash equivalents.....		302.727	100.572
CURRENT ASSETS.....		656.563	263.781
ASSETS.....		680.905	289.931

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	2016 EUR	2015 EUR
Share capital.....		6.706	6.706
Retained profit.....		127.570	53.089
EQUITY.....	4	134.276	59.795
Corporation tax.....		22.631	16.652
Long-term liabilities.....		22.631	16.652
Trade payables.....		264.192	2.685
Corporation tax.....		16.652	0
Payables to management.....		920	0
Other liabilities.....		242.234	210.799
Current liabilities.....		523.998	213.484
LIABILITIES.....		546.629	230.136
EQUITY AND LIABILITIES.....		680.905	289.931
 Contingencies etc.	 5		
Ownership	6		

NOTES

	2015/16 EUR	2014/15 EUR	Note
Staff costs			1
Wages and salaries.....	854.253	845.060	
Pensions.....	72.801	66.166	
Other staff costs.....	83.918	77.772	
	1.010.972	988.998	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	22.631	16.652	
	22.631	16.652	
Fixed asset investments			3
	Equity investments in group enterprises	Rent deposit	
Cost at 1 October 2015.....	0	26.150	
Addition.....	5.320	2.965	
Disposal.....	0	-10.093	
Cost at 30 September 2016.....	5.320	19.022	
Carrying amount at 30 September 2016.....	5.320	19.022	
Investments in subsidiaries (EUR)			
Company	Equity	Profit for the year	Ownership
Sonos Sweden AB, Sweden.....	12.553	7.233	100 %
Equity			4
	Share capital	Retained profit	Total
Equity at 1 October 2015.....	6.706	53.089	59.795
Proposed distribution of profit.....		74.481	74.481
Equity at 30 September 2016.....	6.706	127.570	134.276

The share capital has not been changed since the date of establishment.

NOTES**Note****Contingencies etc.****5**

Rental agreement for the Interminable contract period amounts to approximately ('000) EUR 65.

Ownership**6**

The following shareholder is recorded in the company's register of shareholders as sole proprietor of the share capital:

Sonos Europe B.V.

Shuttersweg 10

1217PZ Hilversum Holland

The company is included in the consolidated financial statements of Sonos Europe BV, Shuttersweg 10, 1217PZ Hilversum, Holland, which is the parent company of the smallest group in which the company is a subsidiary.

The company is also included in the consolidated financial statements of Sonos Inc., 614 Chapala Street, Santa Barbara, CA 93101, United States of America, which is the company's ultimate parent.

The consolidated financial statements can be obtained on request to the parent companies.