

Cornered Audio ApS

Rosenkæret 13, 2. tv
2860 Søborg
CVR no. 32 83 45 15

Annual report for 2019

Adopted at the annual general
meeting on 22 April 2020

Hans Viggo Madsen
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Accounting policies	7
Income statement 1 January - 31 December	11
Balance sheet 31 December	12
Statement of changes in equity	14
Notes to the annual report	15

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Cornered Audio ApS for the financial year 1 January - 31 December 2019.

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 company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Gladsaxe, 22 April 2020

Executive board

Hans Viggo Madsen
CEO

Supervisory board

Steen Ulf Jensen
chairman

Peter Zachariassen

Carsten Ottosen

Hans Viggo Madsen

Jens Løppenthien

Mogens Bjørn Jacobsen

Independent auditor's report

To the shareholder of Cornered Audio ApS

Opinion

We have audited the financial statements of Cornered Audio ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the 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.

Independent auditor's report

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 judgment and maintain professional skepticism 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 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.

Independent auditor's report

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, we conclude that 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 of management's review.

Roskilde, 22 April 2020

Azets Audit
Statsautoriseret revisionspartnerselskab
CVR no. 36 07 49 81

Anders Salomonsen
state authorized public accountant
MNE no. mne40143

Company details

The company

Cornered Audio ApS
Rosenkæret 13, 2. tv
2860 Søborg

Telephone: 43661088

Website: www.cornered.dk

CVR no.: 32 83 45 15

Reporting period: 1 January - 31 December 2019

Incorporated: 12. March 2010

Financial year: 10th financial year

Domicile: Gladsaxe

Supervisory board

Steen Ulf Jensen, chairman
Peter Zachariassen
Carsten Ottosen
Hans Viggo Madsen
Jens Løppenthien
Mogens Bjørn Jacobsen

Executive board

Hans Viggo Madsen

Auditors

Azets Audit
Statsautoriseret revisionspartnerselskab
Vindingevej 10
4000 Roskilde

Management's review

Business review

The company's purpose is to operate with the development, production and sale of speaker systems and related products.

Accounting policies

The annual report of Cornered Audio ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act for klasse B-virksomheder as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment 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. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

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

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 5 years.

Other securities and investments, fixed assets

Deposits are measured at cost.

Accounting policies

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Gross profit		1.022.269	387.339
Staff costs	1	<u>-681.419</u>	<u>-812.086</u>
Profit/loss before amortisation/depreciation and impairment losses		340.850	-424.747
Depreciation, amortisation and impairment of intangible assets and equipment		<u>-277.079</u>	<u>-247.272</u>
Profit/loss before net financials		63.771	-672.019
Financial costs		<u>-305.676</u>	<u>-305.127</u>
Profit/loss before tax		-241.905	-977.146
Tax on profit/loss for the year	2	<u>49.434</u>	<u>214.813</u>
Profit/loss for the year		<u>-192.471</u>	<u>-762.333</u>
Retained earnings		<u>-192.471</u>	<u>-762.333</u>
		<u>-192.471</u>	<u>-762.333</u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Assets			
Completed development projects		596.565	678.142
Acquired patents		0	0
Intangible assets	3	<u>596.565</u>	<u>678.142</u>
Other fixtures and fittings, tools and equipment		223.384	312.776
Tangible assets	4	<u>223.384</u>	<u>312.776</u>
Deposits	5	61.022	52.283
Fixed asset investments		<u>61.022</u>	<u>52.283</u>
Total non-current assets		<u>880.971</u>	<u>1.043.201</u>
Finished goods and goods for resale		1.503.027	1.709.457
Stocks		<u>1.503.027</u>	<u>1.709.457</u>
Trade receivables		937.497	680.192
Other receivables		31.041	33.551
Deferred tax asset		851.983	825.893
Corporation tax		23.344	46.644
Prepayments		216.660	96.484
Receivables		<u>2.060.525</u>	<u>1.682.764</u>
Cash at bank and in hand		<u>15.090</u>	<u>13.906</u>
Total current assets		<u>3.578.642</u>	<u>3.406.127</u>
Total assets		<u><u>4.459.613</u></u>	<u><u>4.449.328</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Equity and liabilities			
Share capital		373.536	360.556
Reserve for development expenditure		465.320	521.506
Retained earnings		<u>-389.157</u>	<u>-509.892</u>
Equity		<u>449.699</u>	<u>372.170</u>
Subordinate loan capital		584.137	837.770
Other payables		<u>447.680</u>	<u>430.000</u>
Total non-current liabilities	6	<u>1.031.817</u>	<u>1.267.770</u>
Banks		1.238.686	1.281.957
Trade payables		827.503	662.940
Payables to shareholders and management		16.717	39.647
Other payables		882.479	824.844
Deferred income		<u>12.712</u>	<u>0</u>
Total current liabilities		<u>2.978.097</u>	<u>2.809.388</u>
Total liabilities		<u>4.009.914</u>	<u>4.077.158</u>
Total equity and liabilities		<u><u>4.459.613</u></u>	<u><u>4.449.328</u></u>
Contingent liabilities	7		
Mortgages and collateral	8		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2019	360.556	521.506	-509.892	372.170
Cash capital increase	12.980	0	257.020	270.000
Transfers, reserves	0	-56.186	56.186	0
Net profit/loss for the year	0	0	-192.471	-192.471
Equity at 31 December 2019	373.536	465.320	-389.157	449.699

Notes

	2019 DKK	2018 DKK
1 Staff costs		
Wages and salaries	721.526	829.918
Other social security costs	4.870	1.528
Other staff costs	51.630	52.029
	778.026	883.475
Transfer to development costs	-96.607	-71.389
	681.419	812.086
Average number of employees	2	2
2 Tax on profit/loss for the year		
Current tax for the year	-23.344	-46.644
Deferred tax for the year	-26.090	-168.169
	-49.434	-214.813
3 Intangible assets		
	Completed development projects	Acquired patents
Cost at 1 January 2019	1.273.821	50.153
Additions for the year	106.110	0
Cost at 31 December 2019	1.379.931	50.153
Impairment losses and amortisation at 1 January 2019	595.679	50.153
Amortisation for the year	187.687	0
Impairment losses and amortisation at 31 December 2019	783.366	50.153
Carrying amount at 31 December 2019	596.565	0

Notes

4 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	507.251
Cost at 31 December 2019	507.251
Impairment losses and depreciation at 1 January 2019	194.475
Depreciation for the year	89.392
Impairment losses and depreciation at 31 December 2019	283.867
Carrying amount at 31 December 2019	223.384

5 Fixed asset investments

	Deposits
Cost at 1 January 2019	51.048
Additions for the year	9.974
Cost at 31 December 2019	61.022
Carrying amount at 31 December 2019	61.022

6 Long term debt

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Subordinate loan capital	837.770	584.137	0	0
Other payables	430.000	447.680	0	447.680
	1.267.770	1.031.817	0	447.680

Notes

7 Contingent liabilities

Rental agreement interminable for 18 months, max. commitment: t.DKK: 180

8 Mortgages and collateral

As security for bank debts, the Company has granted charges of DKK 1.800 thousand on raw materials, consumables and simple claims under the rules on company charges (floating charge). The carrying amount of assets comprised by the company charge is DKK 2.461 thousand at 31/12-2019.

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Steen Ulf Jensen

Bestyrelsesformand

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Hans Viggo Madsen

Direktør

På vegne af: Cornered Audio ApS

Serienummer: PID:9208-2002-2-877693992721

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2020-04-22 09:21:53Z

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Hans Viggo Madsen

Bestyrelsesmedlem

På vegne af: Cornered Audio ApS

Serienummer: PID:9208-2002-2-877693992721

IP: 217.74.xxx.xxx

2020-04-22 09:33:39Z

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Jens Løppenthien

Bestyrelsesmedlem

På vegne af: Cornered Audio ApS

Serienummer: PID:9208-2002-2-506337863151

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Mogens Bjørn Jacobsen

Bestyrelsesmedlem

På vegne af: Cornered Audio ApS

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Carsten Ottosen

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-450875078333

IP: 87.62.xxx.xxx

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NEM ID 

Peter Zachariassen

Bestyrelsesmedlem

På vegne af: Cornered Audio ApS

Serienummer: PID:9208-2002-2-633361479252

IP: 189.235.xxx.xxx

2020-04-23 17:21:18Z

NEM ID 

Anders Salomonsen


Statsautoriseret revisor

På vegne af: Azets Audit Statsautoriseret Revisionspartnerselskab

Serienummer: CVR:36074981-RID:98866845

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Hans Viggo Madsen

Dirigent

På vegne af: Cornered Audio ApS

Serienummer: PID:9208-2002-2-877693992721

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