



Cornered Audio ApS

Farum Gydevej 65, 1.
3520 Farum
CVR no. 32 83 45 15

Annual report for 2021

Adopted at the annual general meeting on 23 May 2022

Hans Viggo Madsen
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Cornered Audio ApS 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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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.

Farum, 23 May 2022

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 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2021 and of the results of the company's operations 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 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 and IESBA Code. 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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence 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, 23 May 2022

Boreco
Statsautoriseret revisionspartnerselskab
CVR no. 36 07 49 81

Simon Daniel Jensen
state authorized public accountant
MNE no. mne45890

Company details

The company

Cornered Audio ApS
Farum Gydevej 65, 1.
3520 Farum

Telephone: 43661088

Website: www.cornered.dk

CVR no.: 32 83 45 15

Reporting period: 1 January - 31 December 2021

Incorporated: 12 marts 2010

Financial year: 12nd financial year

Domicile: Farum

Supervisory board

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

Executive board

Hans Viggo Madsen

Auditors

Boreco
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.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31. december 2021 shows a profit of DKK 296.939, and the balance sheet at 31 December 2021 shows equity of DKK 464.659.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Cornered Audio ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act for class B entities, as well as provisions applying to reporting class C entities.

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

The annual report for 2021 is presented in DKK

Correction of misstatement relating to previous year

There has, in connection with the audit of the annual report of 2021, been identified a significant error regarding previous year's annual report. The misstatement that relates to the financial expenses where DKK 63 thousand which should not have been recognized in the income statement.

The comparative figures for the annual report of 2021 have been adjusted. The adjustment has affected the income statement with DKK 49 thousand after correction of deferred tax and the balance with DKK 49 thousand which relates to the equity and short term debt.

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.

Accounting policies

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.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

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.

Accounting policies

Balance sheet

Intangible assets

Development projects, patents and licences

Developments 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 five years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	9-10 years	0 %

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Other investments

Deposits are measured at cost.

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.

Accounting policies

The net realisable value of stocks is calculated as the expected selling price less direct 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.

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 is impaired, an impairment loss for that individual asset is recognised.

Special items

Special items include significant income and expenses that differ from what management considers to be part of primary operations.

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

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 at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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 net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Accounting policies

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.

Deferred income

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Income statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit	1	1.555.740	494.549
Staff costs	2	-576.593	-678.896
Profit/loss before amortisation/depreciation and impairment losses		979.147	-184.347
Depreciation, amortisation and impairment of intangible assets and equipment		-299.122	-288.137
Profit/loss before net financials		680.025	-472.484
Financial income		0	49.023
Financial costs		-317.139	-194.561
Profit/loss before tax		362.886	-618.022
Tax on profit/loss for the year	3	-65.947	134.753
Profit/loss for the year		296.939	-483.269
Retained earnings		296.939	-483.269
		296.939	-483.269

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Assets			
Completed development projects		247.849	451.533
Acquired patents		23.292	29.336
Development projects in progress		116.613	0
Intangible assets	4	<u>387.754</u>	<u>480.869</u>
Other fixtures and fittings, tools and equipment		44.354	133.746
Tangible assets	5	<u>44.354</u>	<u>133.746</u>
Deposits		38.400	38.400
Fixed asset investments		<u>38.400</u>	<u>38.400</u>
Total non-current assets		<u>470.508</u>	<u>653.015</u>
Finished goods and goods for resale		3.604.578	2.114.335
Stocks		<u>3.604.578</u>	<u>2.114.335</u>
Trade receivables		630.677	690.763
Other receivables		58.515	73.742
Deferred tax asset		909.240	975.187
Corporation tax		0	11.549
Prepayments		121.535	121.535
Receivables		<u>1.719.967</u>	<u>1.872.776</u>
Cash at bank and in hand		<u>117.407</u>	<u>943</u>
Total current assets		<u>5.441.952</u>	<u>3.988.054</u>
Total assets		<u><u>5.912.460</u></u>	<u><u>4.641.069</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Equity and liabilities			
Share capital		381.055	381.055
Reserve for development expenditure		284.280	451.533
Retained earnings		<u>-200.676</u>	<u>-664.868</u>
Equity		<u>464.659</u>	<u>167.720</u>
Subordinate loan capital		594.608	598.982
Other payables		<u>430.000</u>	<u>439.000</u>
Total non-current liabilities	6	<u>1.024.608</u>	<u>1.037.982</u>
Banks		1.662.676	1.783.079
Trade payables		1.588.202	723.936
Other payables		1.172.315	878.542
Deferred income		<u>0</u>	<u>49.810</u>
Total current liabilities		<u>4.423.193</u>	<u>3.435.367</u>
Total liabilities		<u>5.447.801</u>	<u>4.473.349</u>
Total equity and liabilities		<u>5.912.460</u>	<u>4.641.069</u>

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2021	381.055	451.533	-714.109	118.479
Net effect from adjustment of error	0	0	49.241	49.241
Adjusted equity at 1 January 2021	381.055	451.533	-664.868	167.720
Transfers, reserves	0	-167.253	167.253	0
Net profit/loss for the year	0	0	296.939	296.939
Equity at 31 December 2021	381.055	284.280	-200.676	464.659

Notes

	<u>2021</u> DKK	<u>2020</u> DKK
1 Special items		
<p>Last year's profit before tax was positively affected by DKK 108 thousand as a result of compensation on Covid-19. These revenues differ from what management considers to be part of the primary operations, and are therefore included in this note. The income is shown under gross profit in the income statement.</p>		
Compensation received in connection with Covid-19	<u>0</u>	<u>108.205</u>
	<u>0</u>	<u>108.205</u>
2 Staff costs		
Wages and salaries	596.279	614.790
Other social security costs	4.993	2.701
Other staff costs	<u>47.321</u>	<u>61.405</u>
	648.593	678.896
Transfer to development costs	<u>-72.000</u>	<u>0</u>
	<u>576.593</u>	<u>678.896</u>
Average number of employees	<u>2</u>	<u>2</u>
3 Tax on profit/loss for the year		
Current tax for the year	0	-11.549
Deferred tax for the year	<u>65.947</u>	<u>-123.204</u>
	<u>65.947</u>	<u>-134.753</u>

Notes

4 Intangible assets

	Completed devel- opment projects	Acquired patents	Development pro- jects in progress
Cost at 1 January 2021	1.432.429	80.460	0
Additions for the year	<u>0</u>	<u>0</u>	<u>116.613</u>
Cost at 31 December 2021	<u>1.432.429</u>	<u>80.460</u>	<u>116.613</u>
Impairment losses and amortisation at 1 January 2021	980.895	51.123	0
Amortisation for the year	<u>203.685</u>	<u>6.045</u>	<u>0</u>
Impairment losses and amortisation at 31 December 2021	<u>1.184.580</u>	<u>57.168</u>	<u>0</u>
Carrying amount at 31 December 2021	<u>247.849</u>	<u>23.292</u>	<u>116.613</u>

In R&D, development of our C3 active Bluetooth loudspeaker including update of our plastic cabinet tooling, tooling of new cabinet parts, development of In/out board and user interphase, test, documentation and certification of the product, has been finalized in 2022 and launched under the name A3.

5 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2021	<u>507.251</u>
Cost at 31 December 2021	<u>507.251</u>
Impairment losses and depreciation at 1 January 2021	373.505
Depreciation for the year	<u>89.392</u>
Impairment losses and depreciation at 31 December 2021	<u>462.897</u>
Carrying amount at 31 December 2021	<u>44.354</u>

Notes

6 Long term debt

	Debt at 1 January 2021	Debt at 31 De- cember 2021	Instalment next year	Debt out- standing af- ter 5 years
Subordinate loan capital	598.982	594.608	0	0
Other payables	439.000	430.000	0	0
	1.037.982	1.024.608	0	0

7 Contingent liabilities

Rental agreement has a periode of notice consisting of 6 months which amounts for DKK 38 thousand in financial obligation.

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 4.280 thousand at 31/12-2021.