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Addasound Denmark A/S

**Skalhuse 5, Gelstrup
9240 Nibe**

CVR no. 34 58 42 14

Annual Report 2019

The Annual Report was presented and adopted at the company's annual general meeting on:

10 April 2020



Ping Di
Chairman

ANNUAL REPORT 2019

(7. financial year)

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COMPANY INFORMATION

Company

Addasound Denmark A/S
Skalhuse 5, Gelstrup
9240 Nibe

CVR no.

34 58 42 14

Financial year

1 January - 31 December

Principal activities

The objective of the Company is to directly or through investments in other companies to carry on trade, research and development of loudspeakers, audio systems, etc. as well as other activities which in the opinion of the Board of Directors relate to its core business.

The company's board of directors

Min Di
Ping Di
Min Zhang

CEO

Ping Di

The company's auditor

Haamann A/S, State Authorized Public Accountant Firm
Filmbyen 20
2650 Hvidovre
CVR no. (business reg. no.) 24 25 69 95

MANAGEMENT'S STATEMENTS

The board of directors and the CEO have today presented the annual report for the financial year 1 January - 31 December 2019 for Addasound Denmark A/S.

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

We consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cash flow statement, financial position and performance.

Moreover, in opinion, the management's review includes a fair review of the matters described.

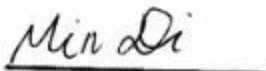
Nibe, 10 April 2020

Executive Board:



Ping Di

Board of Directors:



Min Di



Ping Di



Min Zhang

INDEPENDENT PRACTITIONER'S REPORT

To the shareholder of Addasound Denmark A/S

Conclusion

We have performed and extended review of the financial statements of Addasound Denmark A/S for the financial year 2019. The financial statements comprise income statement and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, 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 2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

Practitioner's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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 extended review 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 extended review, 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 Statements Act. We did not identify any material misstatement in the Management's review.

Hvidovre, 10 April 2020

Haamann A/S
State Authorized Public Accountant Firm
CVR.nr. 24 25 69 95

Jan Østergaard
State Authorized Public Accountant
mne30203

MANAGEMENT'S REVIEW

The Company's principal activities

As in previous years, the company's principal activity has consisted of directly or through investments in other companies to carry on trade, research and development of loudspeakers, audio systems, etc. as well as other activities which in the opinion of the Board of Directors relate to its core business.

Uncertainty as to recognition and measurement

No material uncertainties have affected the annual report.

Exceptional circumstances

No exceptional circumstances have occurred in the financial year.

Development in activities and financial affairs

The company had a profit of DKK -121.692, for the financial year, which the company's management considers unsatisfactory.

In the coming year the company expects a satisfactory result.

Events occurring after the end of the financial year

After the end of the financial year, COVID19 disease outbreaks occurred as a result of the spread of Coronavirus. It is estimated that all of the company's markets may be affected by the outbreak. Although it is at an early stage to assess its effects, it is the management's assessment that the outbreak can result in significant financial consequences for the coming financial year.

INCOME STATEMENT
1 January - 31 December 2019

	<u>Note</u>	<u>2019 DKK</u>	<u>2018 TDKK</u>
Gross result		110.945	-126
Staff costs	1	<u>-244.589</u>	<u>-245</u>
Operating profit and loss		-133.644	-371
Financial income		0	20
Financial expenses		<u>-22.048</u>	<u>-4</u>
Profit or loss before tax		-155.692	-355
Tax on profit or loss for the year		<u>34.000</u>	<u>153</u>
Net profit or loss for the year		<u>-121.692</u>	<u>-202</u>
Proposed distribution of results			
Retained earnings		<u>-121.692</u>	<u>-202</u>
		<u>-121.692</u>	<u>-202</u>

BALANCE 31 December 2019

ASSETS

	<u>Note</u>	<u>2019 DKK</u>	<u>2018 TDKK</u>
<u>Fixed assets</u>			
Fixed assets			
Deposits		77.875	78
Fixed assets, total		<u>77.875</u>	<u>78</u>
<u>Current assets</u>			
Inventories			
Raw materials and consumables		0	573
Receivables			
Short-term trade receivables		592.443	13
Other short-term receivables		5.826	19
Deferred tax assets		187.000	153
		<u>785.269</u>	<u>185</u>
Cash and cash equivalents		<u>80.507</u>	<u>71</u>
Current assets		<u>865.776</u>	<u>829</u>
Assets, total		<u>943.651</u>	<u>907</u>

BALANCE 31 December 2019

LIABILITIES AND EQUITY

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> TDKK
<u>Equity</u>			
	2		
Share capital		550.000	550
Retained earnings		<u>-248.792</u>	<u>-127</u>
Equity, total		<u>301.208</u>	<u>423</u>
<u>Liabilities</u>			
Short-term liabilities other than provisions			
Trade payables		96.472	233
Payables to group enterprises		536.326	242
Other payables		<u>9.645</u>	<u>9</u>
		<u>642.443</u>	<u>484</u>
Total liabilities		<u>642.443</u>	<u>484</u>
Total liabilities and equity		<u>943.651</u>	<u>907</u>

NOTES

	2019 DKK	2018 TDKK
	<u> </u>	<u> </u>
1. <u>Staff costs</u>		
Wages and salaries	201.373	201
Social security costs	43.216	43
Employee benefits costs	<u>0</u>	<u>1</u>
	<u>244.589</u>	<u>245</u>
Average number of employees	<u>1</u>	<u>1</u>

2. Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2019	550.000	-127.100	422.900
Net profit for the year	<u> </u>	<u>-121.692</u>	<u>-121.692</u>
Equity 31 December 2019	<u>550.000</u>	<u>-248.792</u>	<u>301.208</u>

ACCOUNTING POLICIES

The Annual Report of Addasound Denmark A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with application of some provisions for a higher reporting class C.

The accounting policies applied remain unchanged from last year.

General principles for recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities. Moreover, all expenses are incurred, including depreciation and amortisation.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue 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 financial benefits will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which existed at the balance sheet date.

Income Statement

Revenue

Gross profit is made up of net sales less the direct sales costs attributable to net sales and less other external costs. Other operating income and expenses comprise items of a secondary nature to the principal activity of the company.

Income from the sale of goods is recognised in the income statement from the date of delivery and when the risk has passed to the buyer and services are possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax. Current and deferred tax regarding changes in equity is recognised directly in equity.

BALANCE SHEET

Other non-current assets

Leasehold deposits are recognised in the balance sheet at cost.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of basic material and consumables comprises the purchase price and delivery costs.

Net realizable value of inventories is calculated as selling price less completion costs and costs incurred to effect sales and is determined taking into account marketability, ukurance and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, usually corresponding to nominal value. The value is reduced by impairment losses for bad and doubtful debts.

Tax payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated 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 under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

ACCOUNTING POLICIES

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22 per cent has been applied.

Payables

Other debt is measured at amortised cost, usually corresponding to nominal value.

Foreign currency translation

Foreign currency transactions are translated the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rate prevailing at the transaction date and the exchange rate at the payment date are recognised in the income statement as a net financial income or expense. If currency positions are regarded as a hedge of future cash flows, value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the reporting date are measured at the closing exchange rate. The difference between the closing rate and the rate at the time of the establishment of the receivable or payable is recognised in the income statement under financial income and expenses.

Non-current assets purchased in foreign currencies are measured at the exchange rate at the transaction date.

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Jan Østergaard

Statsautoriseret revisor

På vegne af: Haamann A/S Statsautoriserede Revisorer

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