

Audio Distribution Group ApS

Nordlandsvej 90, 8240 Risskov
CVR no. 37 19 30 03

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 10.05.21

Peter Bager
Dirigent



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The company

Audio Distribution Group ApS
Nordlandsvej 90
8240 Risskov
Tel.: 25 14 45 65
Registered office: Risskov
CVR no.: 37 19 30 03
Financial year: 01.01 - 31.12

Executive Board

Steven Arthur Philip Russell

Board of Directors

Peter Bager
Steven Arthur Philip Russell
Bruce Gordon McMichael Davidson

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Audio Distribution Group ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.20 and of the results of the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Risskov, April 29, 2021

Executive Board

Steven Arthur Philip Russell

Board of Directors

Peter Bager
Chairman

Steven Arthur Philip
Russell

Bruce Gordon McMichael
Davidson

To the capital owner of Audio Distribution Group ApS**Opinion**

We have audited the financial statements of Audio Distribution Group ApS for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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.

Statement regarding the 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 Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 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 International Standards on Auditing 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 International Standards on Auditing 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.

Aarhus, April 29, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Carsten Andersen

State Authorized Public Accountant
MNE-no. mne27703

Primary activities

The company's activities comprise distribution of professional audio and music instrument related products throughout Europe.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of EUR 649,196 against EUR 173,894 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of EUR 915,305.

Despite drastic and unforeseeable challenges within 2020 across the majority of worldwide markets, ADG continued to thrive and grow in all segments.

With a business built with online focus as a high priority, ADG held a unique advantage within the pandemic versus relevant competition and was able to use this to deliver extremely positive results for the year.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2020 EUR	2019 EUR
	Gross profit	1.223.654	527.298
1	Staff costs	-347.061	-283.007
	Profit before depreciation, amortisation, write-downs and impairment losses	876.593	244.291
	Depreciation and impairments losses of property, plant and equipment	-16.386	-14.764
	Profit before net financials	860.207	229.527
	Financial income	0	12.060
	Financial expenses	-27.063	-16.279
	Profit before tax	833.144	225.308
	Tax on profit for the year	-183.948	-51.414
	Profit for the year	649.196	173.894
	Proposed appropriation account		
	Proposed dividend for the financial year	300.000	30.000
	Retained earnings	349.196	143.894
	Total	649.196	173.894

ASSETS		31.12.20	31.12.19
Note		EUR	EUR
	Leasehold improvements	452	7.535
	Other fixtures and fittings, tools and equipment	12.284	20.042
	Total property, plant and equipment	12.736	27.577
	Equity investments in associates	15.000	0
	Total investments	15.000	0
	Total non-current assets	27.736	27.577
	Raw materials and consumables	386.458	353.938
	Total inventories	386.458	353.938
	Trade receivables	690.846	366.473
	Deferred tax asset	1.846	664
	Other receivables	9.121	8.598
	Receivables from owners and management	928	928
	Prepayments	11.580	11.010
	Total receivables	714.321	387.673
	Cash	1.062.297	259.636
	Total current assets	2.163.076	1.001.247
	Total assets	2.190.812	1.028.824

EQUITY AND LIABILITIES		31.12.20	31.12.19
		EUR	EUR
Note			
	Share capital	6.704	6.704
	Retained earnings	608.601	259.405
	Proposed dividend for the financial year	300.000	30.000
	Total equity	915.305	296.109
2	Subordinate loan capital	66.946	66.946
2	Payables to other credit institutions	0	824
2	Other payables	27.320	8.823
	Total long-term payables	94.266	76.593
2	Short-term part of long-term payables	733	4.880
	Payables to other credit institutions	1.180	192.257
	Trade payables	325.566	235.893
	Income taxes	173.785	44.920
	Other payables	679.977	178.172
	Total short-term payables	1.181.241	656.122
	Total payables	1.275.507	732.715
	Total equity and liabilities	2.190.812	1.028.824
3	Charges and security		

Statement of changes in equity

Figures in EUR	Share capital	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.19 - 31.12.19			
Balance as at 01.01.19	6.704	115.511	15.000
Dividend paid	0	0	-15.000
Net profit/loss for the year	0	143.894	30.000
Balance as at 31.12.19	6.704	259.405	30.000
Statement of changes in equity for 01.01.20 - 31.12.20			
Balance as at 01.01.20	6.704	259.405	30.000
Dividend paid	0	0	-30.000
Net profit/loss for the year	0	349.196	300.000
Balance as at 31.12.20	6.704	608.601	300.000

	2020 EUR	2019 EUR
1. Staff costs		
Wages and salaries	334.811	273.048
Pensions	11.909	2.787
Other social security costs	4.585	4.396
Other staff costs	-4.244	2.776
Total	347.061	283.007
Average number of employees during the year	6	5

2. Long-term payables

Figures in EUR	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.20	Total payables at 31.12.19
Subordinate loan capital	0	0	66.946	66.946
Payables to credit institutions	733	0	733	5.704
Other payables	0	0	27.320	8.823
Total	733	0	94.999	81.473

3. Charges and security

The company has issued mortgage deed registered to the mortgagor in the total amount of EUR 23k secured upon equipment with a carrying amount of EUR 390. The mortgage deed is provided as security for debt to credit institutions in the total amount EUR 1k.

As security for debt to credit institutions of EUR 1k, a company charge of EUR 403k has been provided comprising goodwill, intellectual property rights, never registered motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is EUR 1.090k.

4. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Euro (EUR).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

4. Accounting policies - continued -**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

4. Accounting policies - continued -

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

4. Accounting policies - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in associates

Equity investments in associates are measured in the balance sheet at cost less any impairment losses. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

The acquisition of equity investments in associates is recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of acquired equity investments are measured at fair value at the date of acquisition.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in associates exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

4. Accounting policies - continued -

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

4. Accounting policies - continued -

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.