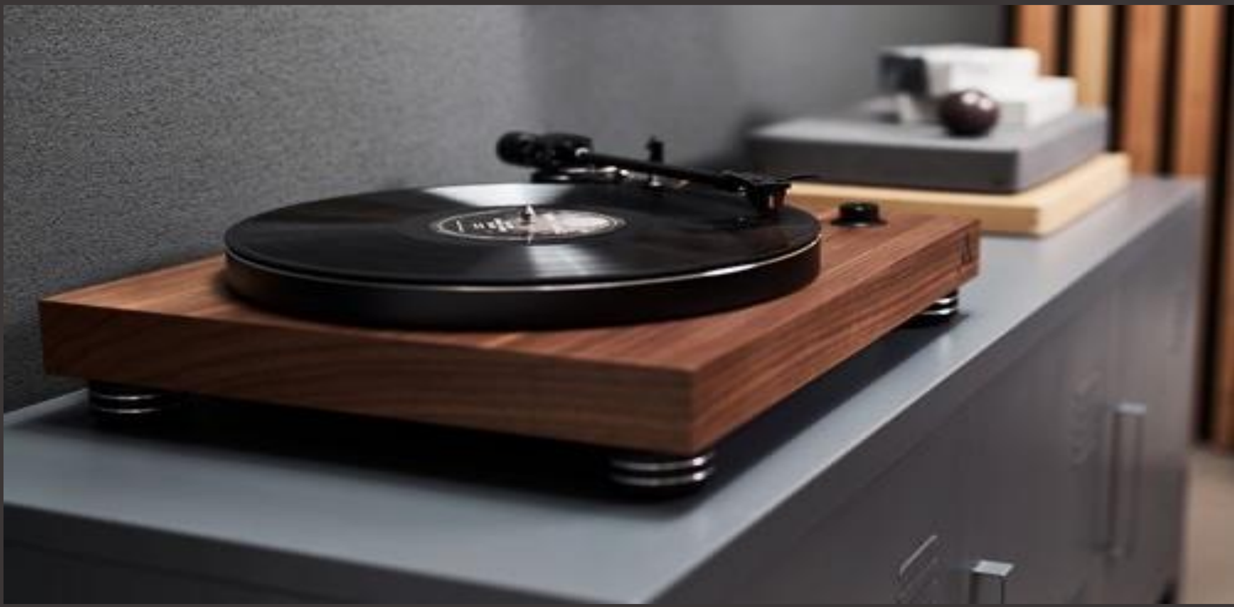

ANNUAL REPORT 2021/22

May 2021 - 30 April 2022

Approved at the Company's annual general meeting on 22 August, 2022
Chairman of the General Meeting Christoffer Arensbach

HiFi Klubben A/S

Lyshøjen 10A, 8520 Lystrup, Denmark

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HiFi Klubben

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MANAGEMENT'S REVIEW

FINANCIAL HIGHLIGHTS FOR THE GROUP

Key figures (DKK 1,000)

Profit/loss	2021/22	2020/21	2019/20**	2018/19**	2017/18**
Revenue	1,338,205	1,261,034	1,122,062	1,058,856	1,139,571
Retail revenue*	1,360,731	1,342,473	1,152,709	1,101,302	1,141,626
Gross profit/loss	439,220	401,658	200,435	202,982	212,744
Operating profit/loss	99,166	70,057	23,459	28,732	32,415
Profit and loss before financial items (EBIT)	119,308	87,646	26,371	32,713	46,136
Net financials	-6,007	2,787	-5,212	-6,637	-6,040
Net profit for the year	87,025	71,377	17,504	20,217	32,730
Balance sheet					
Balance sheet total	525,212	567,030	264,648	288,834	273,890
Equity	133,325	157,853	121,860	116,385	138,729
Cash flows					
Cash flows from:					
- operating activities	167,217	116,116	53,466	23,655	44,283
- investing activities	-21,606	-19,986	-12,362	-13,745	-7,603
including investment in property, plant and equipment	-8,995	-9,739	-7,256	-11,610	-14,875
- financing activities	-149,520	-111,405	-29,971	-677	-36,624
Change in cash and cash equivalents	-3,909	-15,275	11,133	9,233	56
Ratios					
EBIT Margin, %	8.9%	7.0%	2.4%	3.1%	4.0%
Equity ratio, %	25.4%	27.8%	46.0%	40.3%	50.7%
Return on equity, %	59.8%	51.0%	14.7%	15.8%	23.2%

*The Group's total retail revenue is defined as sales from both the physical shops and online of HiFi Klubben irrespective of whether sales are effected from own chain shops or from franchise shops.
**Figures the periods 2019/20, 2018/19 and 2017/18 are prepared in accordance with DK GAAP and have not been restated in accordance to IFRS. The figures are therefore not comparable primarily due to impact of the IFRS 16 standard. Please refer to Note 28
The key ratios were calculated according to the recommendations published by the Danish Society of Financial Analysts. Please refer to Note 27 - Definition of key ratios.

OUR PERFORMANCE

HiFi Klubben is a retail and distribution group that focus on passion for quality products, music and extensive customer service. HiFi Klubben brings solid sound and image experiences to quality-minded customers who want a real reproduction of music. The Group sources quality products globally and presently distributes to five main markets: Denmark, Norway, Sweden, the Netherlands and Germany. Within the group, development company Nordic HiFi A/S also develops Hi-Fi products. Read more in the sub section *About HiFi Klubben*.

Development in the year

The consolidated Statement of comprehensive income for 2021/22 shows a profit of DKK 90,185k (2020/21: DKK 75,552k), and the consolidated balance sheet at 30 April 2022 shows equity of DKK 133,325k (2021: DKK 157,853k).

Overall, the Group has realized revenue which is 6.1 percent higher than last year. This is mainly attributable to adjustments to our network of shops and growth in Germany and Holland. We see this in combination with the consolidation taking place in the physical retail shops and HiFi Klubben's own strategy of a strengthened omni-channel oriented network of shops. In the year 2021/22, HiFi Klubben has realized an "online share" of the total HiFi Klubben incl. franchise of >32% against roughly 34% last year. We see the drop in "online share" as positively driven by post-Covid store re-openings with a higher physical store sales than expected. Management does not expect a decline in the online share in the future. The expectation is for a more moderate development in the coming years with an online share in the range of 30%-36%.

The company's earnings increased during the period, primarily due to an increase in the sales of core HiFi products and a healthier store network also reflecting lower staff costs. This is considered very satisfactory.

Management expected a decline in revenue of 10-15% and results slightly below the 2020/21 level at the beginning of the reporting period. This was due to the uncertainty of Covid-19 and whether there would again be periods of shop closure owing to Covid-19. During the reporting period, however, the Company has noticed an increased demand and interest in HiFi products and revenue has as stated above increased by 6.0 percent and profit before tax by 25.3%.

Parent company results

The result relates to the period 1 May 2021 – 30 April 2022, despite HiFi Klubben A/S being established 27. April 2022 with accounting effect of 1 May 2021. This transaction has taken place in accordance with The Danish Companies Act §40 (6). The non-cash contribution to the company consisted of shares in AudioNord International A/S and Nordic Hi-Fi A/S.

Comparable Income Statement figures are stated for the period 1 May 2020 – 30 April 2021. At the same time, comparable figures as of 30 April 2021 have been prepared in the balance sheet. The parent company accounts are prepared in accordance with Danish general accepted accounting principles and measures Investments in subsidiaries at cost price.

The results of the parent company show profit of DKK 114,450k, driven by received dividends of DKK 115,000k.

Targets and expectations for the year ahead

Management expects a decrease in revenue of 5-10%. The Group has for a long period experienced extended delivery times with its suppliers, which the management expects will still have a negative impact on sales in the Group's high season. The expectation is also based on the continued consumer uncertainty and rising inflations impact on consumer behavior and demand.

Management expects earnings before interests and tax (EBIT) in the range of DKK 70-80m.

Our ambition is to maintain a high level of profitability in our established markets such as Denmark, Norway, and Sweden. Further growth is expected in the Netherlands and Germany, where awareness of the HiFi Klubben will continue to increase. We still feel the desire from customers for quality products that deliver good audio and video experiences. With the desire from us of giving customers the unique HiFi Klubben experience when buying at HiFi Klubben.

Parent company expectations

For the parent company the expectation to the result is highly dependent on expected dividends for the year. The company expects a profit before tax in the range of DKK 0 - 1,000k excluding dividends from subsidiaries.

ABOUT HIFI KLUBBEN

HiFi Klubben is a Danish specialist audio retailer, established in 1980 as a response to the HiFi industry's lack of focus on quality products and misleading selling advice to end consumers. The founder, Peter Lyngdorf, wanted to educate consumers within audio quality to make sure they experienced music like it was supposed to sound from the artist in the first place when the recording was made. That way customers could also avoid buying some of the poor-quality products the industry was trying to push to make short term profits.

HiFi Klubben deals directly with the brand owners on almost the entire line-up of products, and does the importing into the EU and the re-distribution on the entire HiFi line-up of products. This is all done through a large warehouse facility in northern Denmark and hubs in Germany and Netherlands.

The history in brief

1975	A young HiFi enthusiast in his 20s, Peter Lyngdorf, founds AudioNord: A distribution company for HiFi
1980	Danmarks Hi-Fi Klub' is founded as a small mail order company selling direct to consumers
1983	Denon distribution rights were acquired
1987	Danmarks Hi-Fi Klub enters Norway
1988	Danmarks Hi-Fi Klub enters Sweden
1989	Competitor 'Audioscan is acquired
1994	Danmarks Hi-Fi Klub is renamed into the somewhat more international 'HiFi Klubben'
1996	Audioscan and HiFi Klubben stores are merged under the HiFi Klubben name
2001	First franchise-based store (Hillerød) opens, several more follow in the coming years
2002	The Argon Audio brand is founded as a solution to the entry products we miss from suppliers
2003	New management team: Customer is king! HiFi Klubben's positioning is re-adjusted back to a customer focus
2007	The streaming area is entering HiFi Klubben. We land a small, American brand called Sonos exclusively
2011	HiFi Klubben enters the Dutch market by acquiring small chain of stores called RAF
2015	HiFi Klubben enters Germany
2019	Argon Audio is split out as a separate company in order to keep focusing on developing the brand – Nordic HiFi
2022	Store no. 10 opens in Germany. New IT platform, Dynamics Business Central and LS Retail POS being implemented

One of the differences between HiFi Klubben in the 1980s and today, is that the product line-up in HiFi Klubben is broader today. Products today include not only high end audio, but also product groups like TVs, smaller/portable speakers in good quality and headphones – all making it into line-up only if they get approved by critical HiFi Klubben staff.

But one thing that will never change is the values the company is run by: Honest selling, quality- and customer focus, to mention a few. HiFi Klubben is based on passionate employee, and at the end of the day this is what differentiates the company from others.

Real omni channel setup

HiFi Klubbens sales channel is built on 'omni channel' or 'uni channel', meaning that as a member or customer, we should never notice whether you buy through one channel or the other. And we constantly work on seamlessly integrating the different points of contact we have with our customers. HiFi Klubben currently runs 87 'demo rooms' (stores) across Denmark, Norway, Sweden, Germany and Netherlands. In all respective countries a large web shop is run in local languages supporting the physical 'demo rooms' where of 51 are chain owned.

HiFi Klubben is a mix of chain and franchise, where many local 'demo rooms' are franchise based. But we are *one family*, so seen from a consumer perspective you will not know the difference. The online- and offline sales are shared in a model where sales generated online is distributed fully to the physical demo rooms, and each demo rooms pays a royalty back to the chain in exchange. This goes for both chain- and franchise-based demo rooms.

Proud brand partnerships

HiFi Klubben carries a large selection of the most significant HiFi-, audio- and consumer electronics brands in the world. But the general focus is *few brands* with *deep partnerships*. This gives the advantage of getting to know the technology behind each brand, the brand story, and an advantage on volume in purchasing.

Current brands include Bowers & Wilkins (speaker specialist), DALI Loudspeakers (speaker specialist, related company), Denon (Consumer electronics specialist), NAD (consumer electronics specialist), SONOS (global market leader on streaming speakers), Bluesound (global leader on HiFi specialist streaming products), SOUNDBOKS (Global market leader on portable performance speakers), Bang & Olufsen (Danish audio specialist), Samsung (Global market leader on TV), SONY (consumer electronics market leader), AudioQuest (high end cable manufacturer), Jabra (headphones specialist) and many more.

Within the group

AudioNord International A/S is the administration & distribution company within the group. Formally, this is where we source products globally and distributes to HiFi Klubben. Currently, 99% of the distribution B2B business is done to HiFi Klubben, but technically AudioNord can distribute to any retailer in Europe.

The AudioNord International entity is also direct parent company of HiFi Klubben sales entities all over.

Around 2002, HiFi Klubben started experimenting with its own brand, Argon Audio. The goal was to be able to get access to products that consumers were asking for, but traditional HiFi brands would- or could not make. Argon Audio was in other words just products bought 'off the shelf' from others, used as a tool to fill holes in the product line-up. But as an interesting upside, HiFi Klubben suddenly got access 'behind the scenes' of consumer electronics development Far East. And with this window into the near future, Argon Audio sparked an interest in HiFi Klubben to start developing products more and more from the bottom, like we had done with DALI and other brands over the years.

Today, Argon Audio has developed into a real brand, where the goal is no longer to 'fill holes' in product line-up, but rather to make real quality products, that customers love. With Argon Audio we have found a niches in for example active stereo speakers in nice designs, and the quality we can make today with own development can fully compete with larger brands.

Back in 2019 it was decided to take this mission further longer term. Nordic Hi-Fi A/S was therefore established as an independent company entity including Argon Audio. Nordic HiFi today consists of the brands 'Argon Audio' and soon 'Vestlyd' – but the ambition is to drive this development even further. Nordic Hi-Fi is focusing on products engineered in Denmark, with a Scandinavian design, with a sound quality that will surprise positively, and with focus on convenience in every aspect.

Research and development

Development activities for the year comprise the further development of a new ERP system and new HiFi products. Research costs are expensed on a current basis.

Employees, knowledge resources and research activities

The technological development gather speed continuously, and the most important competition parameter of the Group remains the technological knowledge, skills and enthusiasm of our employees. Consequently, it is our clear objective to be at the forefront of this development to ensure our customers the absolute best solutions to their unique needs.

Therefore, we continue to invest heavily in staff development at both employee and management levels as well as in technological platforms which enable the communication of our employees' knowledge to our customers.

Unusual events

The consequences of Covid-19 have also meant periods of store closures in 2021/22, and more employees have been at home due to lockdowns and recommendations from the government. HiFi Klubben Group, like other industries, has experienced an increased interest in e-commerce, which during the accounting period accounts for a larger share of sales during COVID-19 lock downs. But as things have normalized we also experience customers joy of our omni-channel concept and have therefor also returned to the physical shops to feal and listen.

The accounts are not affected by other unusual circumstances.

CORPORATE GOVERNANCE

Duties and responsibilities of the Board of Directors

At HiFi Klubben A/S, management duties and responsibilities are divided between the Company's Board of Directors and Executive Management.

The Executive Management is in charge of the day-to-day management, while the Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction.

In relation hereto, the Board of Directors every year considers the Group's overall strategy in order to ensure continuous value creation.

The requirements for the Executive Management's timely, accurate and adequate reporting to the Board of Directors and for the communication between these two corporate bodies are laid down in the rules of procedure of the Executive Management, which are reviewed annually and approved by the Board of Directors.

Composition of the Board of Directors

The members of the Board of Directors are a group of experienced business professionals including the Founder who also represent diversity, international experience and skills that are considered to be relevant to the Group.

Once a year, in connection with the board evaluation, the Board of Directors defines the qualifications, experience and skills the Board of Directors must possess in order for the Board to best perform its tasks, taking into account the Group's current needs.

The key skillset required has been defined as:

- General management
- Strategy development & Partnerships
- Consumer electronics knowledge
- Consumer product supply chain
- New product introduction
- Brand management & marketing
- Retail - Omni channel - Ecommerce
- Finance & Accounting
- Risk Management

The Board of Directors evaluates its work on an annual basis.

DIVERSITY IN MANAGEMENT

Statutory statement on gender representation in Management, cf section 99 b of the Danish Financial Statements Act

The Group employ solely based on professional qualifications and people's interest in good sound. Therefore, no distinction is made between gender, race, religion, skin colour, sexual orientation or other characteristics that have no relevance to the interest in music and HiFi or how good you are at meeting our customers.

We do, however, actively pursue a more gender- balanced distribution of positions; always, however, giving preference to the professionally best qualified and most enthusiastic candidate. For example, efforts are made to promote gender equality by opting for the female candidate if a candidate of each gender are assessed to be equally qualified for the job.

The current Board of Directors is composed of five people, of whom one woman has been elected to the top Management Group, thereby fulfilling the Sub Group's objective for 2021/22. In the Top Management, a target figure was set for a balanced gender distribution with 1 woman out of 5 representatives. Within the coming year the board composition is intended to change based on recommendation from the owners. A new target is at least 2 board members from the underrepresented gender in the Board of Directors. The target figure is maintained until and including the 2024/25 accounts.

The Group subsidiaries have previously conducted targeted marketing campaigns for our quality HiFi products against the underrepresented gender.

Among other things, this has been an attempt to attract more of the underrepresented gender to the Group and moreover to the different levels of management. The group has not yet succeeded in attracting women to the Group's executive management, which means that there is no balanced gender distribution in the executive management. With the company's "Welcome listeners" pay off, we welcome everyone to HiFi Klubben's stores and websites, as we want to attract all genders in terms of both customers and employees. In the Group's view, this policy will lead to an increased interest from the underrepresented gender, with a set target of 1 woman in the executive management in 2025/26.

Generally, the Company's staff in main office is well-balanced and gender diverse already today.

Subsidiaries within the group follows the overall policies. In respect of targets for Board of Directors and executive management representation in AudioNord International A/S there is a set target of 1 woman in the executive management and the Board of Directors during 2025/26. There has been no changes to the Board of directors or executive management in 2021/22, why the target has not been met.

CORPORATE SOCIAL RESPONSIBILITY

Statutory statement of corporate social responsibility, cf section 99 a of the Danish Financial Statements Act

The Group operates in a financially and socially responsible manner to the benefit of all its stakeholders.

Our business model is detailed in the About HiFi Klubben section.

Management continuously assesses the need for a written CSR policy. At this time, the Group has not prepared a written policy for managing CSR, including social and staff matters, environmental and climate issues, human rights as well as anti- corruption. The Company expects to release written policy in the financial year 2022/23.

However, the Group works determinedly to comply with occupational health and safety legislation, working conditions, human rights, anti-corruption legislation, environmental requirements as well as climate aspects.

The basic values of the Group consist of being accountable, maintaining a high ethical standard and show respect for our business partners, customers, employees and other stakeholders.

We are daily exposed to a significant number of people and business relationships. As part of running a retail company, we are aware of responsible business and the need for policies, guidelines and efforts are assessed continuously.

Our CSR policy for the year 2021/22 is thus summarized as follows:

Social and staff matters

It is Management's assessment that the key risks concerning social and staff matters relate to the Group's ability to attract and retain qualified employees at present and in future. It is the Group's objective to hire trainees or recently qualified people every year as well as to promote the employment of marginalised social groups. It is the Group's objective that, when it comes to staff relations, all employees and staff should enjoy a good working environment, showing respect for employees as whole persons.

Action and performance

This year 2021/22, the Group have twelve trainees and seven recently qualified people. The Group has nine employees hired under the policy for socially, mentally or physically challenged employees.

During the year 2021/22, there were eleven instances requiring management effort in connection with employee situations handled under the policy for vulnerable employees suffering from stress, illness, etc. Moreover, a statutory OSH audit was performed and, on the basis of that, an action plan with a number of specific initiatives was prepared. Going forward we will keep doing what we do as of today in respect of hiring and developing people disregards socially, mentally or physically challenges.

In respect of employees, the Group has continued to invest in upgrading digital skills for all employees in 2021/22. We have implemented further e-learning in 2021/22 to ensure faster and better training in digital systems and we have hired dedicated person for Staff development across technology, products, sales and customer service. We work continuously to align all training and education; this continues in 2022. In 2022/23 the training across the Group will also have a key focus on digital skills as new ERP platform will be upgraded.

Environmental and climate issues

Taking into account the global climate change, it is Management's assessment that the key risks concerning environmental and climate issues relate to the energy consumption of our operations.

It is the Group's objective to apply environment- and climate-friendly solutions in connection with the renovation, redecoration and establishment of new shops. The company's goal is to use recycled materials as packaging to the extent possible, and to furthermore integrate waste recycling in all stores and in administrative functions.

It is in HiFi Klubbens DNA to fight for- and sell quality products that last for a long time, and many products can thus be repaired or upcycled. Doing this, waste is minimized and product lifetime is extended. Our service/repairs department is one of the largest HiFi repair shops in Northern Europe. The support from the repair department benefits the development of new repair solutions through root cause analysis and serves as test center verifying the quality of new products prior to the commercial market launch. Activities that benefit environment, suppliers, and customers. And at the same time this is living our values - having a short value chain and having quality first. We aim at only selling products if we can vouch for the quality. Products that give value to the customers and to HiFi Klubben. We do not sell a product just to make money on short term. Any product has to give real value long term and live up to our heritage. We have in few cases during the year 2021/22 paused specific product sales as it did not comply with our values and repair solutions was needed prior to restart of the sales.

For 2022/23 our work regarding repair services, new repair solutions and software upgrades continues. At the same time we will continuously be operating our business in a manor fulfilling the requirements set under Waste Electrical and Electronic Equipment Regulation (WEEE directive).

Human rights and anti-corruption

The Company distributes and sells HiFi products in Northern Europe. It is the Company's assessment that compliance with the UN human rights is generally satisfactory in that area. However, there is a risk that suppliers in the Company's supply chain do not comply with human rights, eg due to child labour, poor working conditions, etc. We as a Group do not accept corruption.

It is therefore the Company's objective to perform regular reviews of the Group's supplier contracts in order to control and follow up on suppliers' compliance with generally accepted principles and good business ethics. These principles prescribe, among other things, that the Company should not cooperate with suppliers that use child labour nor with suppliers and manufacturers that do not comply with existing legislation. Risks of anti-corruption are considered low, as one of the foundational elements of the company operates in Northern Europe and global strategic business partners are large companies with established procedures to prevent corruption.

Action and performance

During the year, selected suppliers were reviewed to ensure compliance with human rights and anti- corruption measures. Our target is to perform a full review of our supplier portfolio every three years. No instances of non-compliance with Group's above-mentioned policy were observed during the year 2021/22.

In respect to anti-corruption and anti-bribery, we have policies and have carried out controls in 2021/22 and found no breaches. We are reviewing all new contracts and price levels to ensure market standards with no overpricing, and we will continue the work in 2022/23.

In respect to human rights, we continue to enhance our governance of personal data with management systems that coordinate the ongoing development of GDPR and privacy regulation across our organization.

Whistleblower scheme

The Group has established a whistleblower scheme, through which breaches of laws and regulations can be reported anonymously if the person reporting a concern wishes to avoid using the normal channels of communication. No concerns have been reported during the year.

Data Ethics

Statutory statement of data ethics, cf. section 99 d of the Danish Financial Statements Act

The Company expects to release written policy in the financial year 2022/23.

However, the Group works determinedly to comply with regulation as well as relevant areas round. Our data ethics policy for the year 2021/22 provides the framework for the Group's ethical principles, how we use data and consider data ethics in the following is thus summarized as follows:

The Group's use of customer data

In the Group we collect and store large amounts of data, including personal data. We are therefore conscious that we have a considerable responsibility for the data. People must be confident that we store, analyze and use their data in a responsible manner. We want to show clearly our basis for using the data and how we prioritize our data protection efforts.

It is important to the Group that our customers and the outside world have great confidence in the Group's ability to store their data. Respecting customer and employee privacy is important and comes very natural for the Group. Our customers and employees are fundamental in our values and culture, and we will always strive to represent their interests throughout the Group. We safeguard the right to protection of privacy.

Openness and transparency concerning the Group's use of customer data

The integrity of customer information must be assured through openness and transparency to the individual customer regarding the Group's storage of their data. Information must thus always be available to the Group's customers on what personal data the Group stores about them, how the data are kept and what they are used for.

To ensure customer self-determination regarding the data we store about our customers, the Group's continuous aim is for data processing to be as structured as possible so that we always know what data we store about the individual customer.

The Group also ensures that these data are kept no longer than necessary and only processed for the individual purposes explained.

Provision of data

The Group collects and stores only necessary data, which it can process lawfully.

It must always be ensured that data attributable to a natural person are collected on a lawful basis, which may be e.g. legislation, an agreement with the customer, or customer consent.

The Group's focus on the outside world

In addition to our customer relationships, the Group also interacts with the outside world at large. We are therefore conscious of our broader responsibility for ethically correct data processing.

Our use of data is very much about technology and marketing, because the Group is part of the retail industry. We work, among others, with the authorities and live up to our obligations of making data available when requested to do so.

Third-party data processing

The Group works with third parties such as salary agencies, ERP vendors and various marketing tools. Like the Group, the third parties ensure a high degree of protection of customer data.

The Group also works with franchisees, which formally can be considered third parties. However, the HiFi Klubben concept is a uni/omni channel sales concept where customers expect to buy in one store and return in another one, all branded "HiFi Klubben". Customers expect a full-service experience from a HiFi Klubben branded store, independent of its ownership. Therefore, all data that can be shared legally between franchise entities and the Group is shared.

The Group enters into data processor agreements with relevant third parties and checks that they comply with what we require of them. In some situations, this means that the Group and its franchisees will process personal data as joint controllers in accordance with data protection legislation. Where this is the case, the Group will have in place the necessary contractual arrangements and will ensure that individuals are provided with the information about the joint processing in accordance with data protection legislation

The Group does not sell customer data or other data to third parties.

Compliance in the Group and employee skills training

The Group's data ethics policy is binding on all managers and employees. The managers have a special responsibility in leading the way, setting a good example and ensuring that all employees in their department know and comply with the data ethics policy.

The Group thus gives high priority to ensuring that our employees are well-informed about data ethics, data security and correct handling of personal data. This is done, for example, through e-learning about the General Data Protection Regulation ("GDPR"), by providing information at morning staff meetings to familiarize the Group's employees with the procedures on personal data, and through awareness-raising activities.

The Group fosters a culture of openness among our employees in which openness about errors and problems leads to improvement. Challenges and dilemmas may arise regarding data processing. The Group must be able to discuss and solve such issues across employee groups and build an open culture where errors and problems result in continuous improvement. The precondition for an open culture is that the Group's employees do not feel intimidated by owning and pointing out errors, for example by contacting relevant managers in the Group, reporting operational incidents or using the Group's whistleblower scheme. Everyone in the department thus learns from mistakes.

All employees attend at least two annual e-learning courses in IT security and correct data processing. The IT team follows up to check that all employees complete the tests. The Group's IT team also initiate its own phishing attacks to train all employees in discovering fake e-mails.

Roles and responsibilities

The day-to-day work on data ethics is carried out by the Group's department managers, which have responsibility for integrating data ethics into day-to-day operations and for implementing the Group's data ethics framework and goals.

The Group's IT manager, in partnership with general management, decides which new technological possibilities should be integrated into the Group.

The Group takes the view that considerations of data ethics have wider implications than purely legislative compliance. The Group thus pursues a pro-active approach to data ethics that goes beyond legal compliance.

Internal controls and risk management in relation to the financial reporting process

In order to ensure that the external financial reporting is in accordance with IFRS and other applicable rules, gives a true and fair view and is free of material misstatement, a number of internal control and risk management procedures have been established for the financial reporting process.

Control environment

The Board of Directors lays down the general framework for internal controls and risk management in the Group, while the Executive Management has the operational responsibility for establishing efficient control and risk management in the financial reporting. The Executive Management oversees that policies and working procedures in connection with the financial reporting are appropriate with a view to mitigating the risk of errors.

The Board of Directors assists in monitoring the financial reporting process. This includes an annual evaluation of the efficiency of the risk management and internal controls, including a review of policies and working procedures and an evaluation of staffing and qualifications in the finance and IT organisations.

Risk assessment

The Board of Directors and the Executive Management regularly assess the key risks involved in the financial reporting based on a materiality concept. This includes an evaluation of general accounting policies and critical accounting estimates and the related risk and sensitivity assessment. The risk of fraud is also assessed. For additional information on critical accounting estimates, see note 1 to the consolidated financial statements.

Control activities

In order to monitor results, store performance, financing and other risks, standardised monthly reports following up on budgets and a number of key performance indicators (KPIs) are prepared.

Interim financial statements are closed according to a well-established plan which includes, among other things, reconciliation of all material line items and additional financial controls in order to identify and eliminate any errors as early as possible.

In order to counter fraud in the stores, cash funds are reconciled on a regular basis, and cash is deposited with banks. Dual approval procedures in connection with bank transfers have been set up in the finance function.

Monitoring

Management conducts its ongoing monitoring based on the monthly financial reporting, liquidity analyses and KPI reports combined with a continuous dialogue with the accounting and controlling functions.

The Board of Directors monitors procedures for the key line items and checks that the Executive Management observes group policies and addresses any weaknesses. The external auditors meet with the Board of Directors at least once a year without the Executive Management and report any material weaknesses in their long-form audit report.

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT AND INDEPENDENT AUDITOR'S REPORT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of HiFi Klubben A/S for the financial year 1 May 2021 – 30 April 2022.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position on 30 April 2022 of the Group and the Parent Company, the results of the Group and Parent Company operations for the financial year 1 May 2021 - 30 April 2022 and consolidated cash flows of the Group for the financial year 1 May 2021 - 30 April 2022.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 22 August 2022

Executive Management

Christoffer Arensbach
CEO

Board of Directors

Klaus Martin Philipsen Chairman	Christian Løche Andersen Deputy Chairman	Peter Lyngdorf
Stephanie Illgner	Per Rasmussen	

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HiFi Klubben A/S

OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 April 2022 and of the results of the Group's operations and cash flows for the financial year 1 May 2021 to 30 April 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 April 2022 and of the results of the Parent Company's operations for the financial year 1 May 2021 to 30 April 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of HiFi Klubben A/S for the financial year 1 May 2021 - 30 April 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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.

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 Group's and the Parent 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 mate-rial uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 22 August 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No *33 77 12 31*

Henrik Trangeled Kristensen	Rasmus Mellergaard Stenskrog
State Authorised Public Accountant	State Authorised Public Accountant
mne23333	mne 34161

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

1 May - 30 April

DKK 1,000	Note	2020/21	2021/22
Revenue	4	1,261,034	1,338,205
Cost of goods sold		-859,376	-898,985
Gross Profit		**401,658**	**439,220**
Other external costs		-84,313	-95,079
Staff costs	5	-171,025	-167,590
Amortisation, depreciation and impairment	6	-60,528	-59,750
Other operating income		2,448	3,046
Other operating expences		-594	-539
Operating Profit (EBIT)		**87,646**	**119,308**
Financial income	7	5,599	1,277
Financial expenses	7	-2,812	-7,284
Profit before tax		**90,433**	**113,301**
Tax on profit for the year	8	-19,056	-26,276
Profit for the year		**71,377**	**87,025**
Other comprehensive income			
Items that will be reclassified subsequently to the income statement:			
Exchange adjustments		5,444	582
Value adjustment of hedging instrument in the year		-1,627	3,305
Tax on value adjustment of hedging instrument		358	-727
Other comprehensive income after tax		**4,175**	**3,160**
Total comprehensive income for the year		**75,552**	**90,185**

STATEMENT OF CASH FLOWS

1 May - 30 April DKK 1,000	Note	2020/21	2021/22
Operating profit		87,646	119,308
Depreciation and amortisaton		60,528	59,750
Adjustment for other non-cash operating items	21	39,752	-4,333
Changes in working capital	21	-67,237	7,680
Ingoing interest payments, etc,		5,599	1,277
Outgoing interest payments, etc,		-2,812	-7,284
Income tax paid		-7,360	-9,181
Cash flows from operating activities		**116,116**	**167,217**
Investments in intangible assets		-15,128	-15,252
Investments in tangible assets		-9,739	-8,995
Investments in other fixed asset investments		-1,292	-2,248
Intangible assets sold		1,164	0
Property, plant and equipment sold		5,009	2,478
Other fixed asset investments sold		0	2,411
Cash flows from investing activities		**-19,986**	**-21,606**
Free cash flow		**96,130**	**145,611**
Dividend to shareholders		-75,000	-115,000
Repayment of lease liabilities, principal part	21	-41,078	-42,989
Draw down on credit facilities	21	4,673	8,469
Cash flows from financing activities		**-111,405**	**-149,520**
Net cash flows from operating, investing and financing activities		-15,275	-3,909
Cash and cash equivalents at 1 May		35,462	20,187
Cash and cash equivalents at 30 April	22	**20,187**	**16,278**

ASSETS AT 30 APRIL

DKK 1,000	Note	May 1 2020	2021	2022
Intangible assets	9	7,717	16,357	24,565
Property, plant and equipment	10	24,135	18,989	16,312
Right-of-use assets	11	207,510	180,500	144,627
Deposits	12	8,717	10,070	9,915
Non-current assets		**248,079**	**225,916**	**195,419**
Inventories	13	123,303	178,897	210,670
Trade receivables	14	23,169	42,189	40,976
Receivables from group enterprises		9,362	71,825	40,690
Deferred tax asset	8	18,805	14,928	3,662
Other receivables		6,976	7,221	10,834
Prepayments		6,941	5,867	6,682
Cash and cash equivalents	22	35,462	20,187	16,279
Current assets		**224,018**	**341,114**	**329,793**
Assets		**472,097**	**567,030**	**525,212**

EQUITY AND LIABILITIES AT 30 APRIL

DKK 1,000	Note	May 1 2020	2021	2022
Share capital		50,000	50,000	50,000
Currency translation reserve		0	5,444	6,026
Reserve for currency hedging		0	-1,269	1,309
Retained earnings		71,860	103,678	75,990
Equity		**121,860**	**157,853**	**133,325**
Other provisions	16	14,653	16,310	16,760
Lease liability	11	165,843	140,512	105,626
Non-current liabilities		**180,496**	**156,822**	**122,386**
Other provisions	16	7,228	8,168	10,015
Credit institutions	18	0	4,673	13,142
Trade payables		41,787	118,314	88,094
Payables to group enterprises		1,522	0	5,009
Income tax		0	9,764	16,565
Other payables	17	74,262	64,741	78,055
Lease liability	11	41,667	42,229	42,380
Prepayments	17	3,275	4,466	16,241
Current liabilities		**169,741**	**252,355**	**269,501**
Equity and liabilities		**472,097**	**567,030**	**525,212**

STATEMENT OF CHANGES IN EQUITY

2021/2022

DKK 1,000	Share capital	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
Equity at 1 May	50,000	5,444	-1,269	0	103,678	**157,853**
Net profit for the year	0	0	0	0	87,025	**87,025**
Exchange adjustments	0	582	0	0	0	**582**
Value adjustment of hedging instrument	0	0	2,578	0	0	**2,578**
Total comprehensive income	**50,000**	**6,026**	**1,309**	**0**	**190,703**	**248,038**
Share-based payment	0	0	0	0	287	**287**
Interim dividend paid out in respect of 2021/22	0	0	0	0	-115,000	**-115,000**
Transactions with shareholders	**0**	**0**	**0**	**0**	**-114,713**	**-114,713**
Equity at 30 April 2022	**50,000**	**6,026**	**1,309**	**0**	**75,990**	**133,325**

2020/2021

DKK 1,000	Share capital	Currency translation	Currency hedging	Proposed dividend	Retained earnings	Total
Equity at 1 May	50,000	0	0	0	71,860	**121,860**
Net profit for the year	0	0	0	0	71,377	**71,377**
Exchange adjustment	0	5,444	0	0	0	**5,444**
Value adjustment of hedging instrument	0	0	-1,269	0	0	**-1,269**
Total comprehensive income	**50,000**	**5,444**	**-1,269**	**0**	**143,237**	**197,412**
Share-based payment	0	0	0	0	488	**488**
Other equity movements	0	0	0	0	34,953	**34,953**
Interim dividend paid out in respect of 2020/21	0	0	0	0	-75,000	**-75,000**
Transactions with shareholders	**0**	**0**	**0**	**0**	**-39,559**	**-39,559**
Equity at 30 April 2021	**50,000**	**5,444**	**-1,269**	**0**	**103,678**	**157,853**

Share capital

The nominal value of the share capital is DKK 50,000,000 divided into shares of DKK 10, equivalent to 5,000,000 shares and 5,000,000 votes. The shares are not divided into share classes and does not carry any restrictions.

Capital structure

The Company regularly assesses the need for adjustment of the capital structure. The capital is managed for the Group as a whole.

Accounting Policies:

Share capital - Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deductions, net of tax, from the proceeds.

Currency translation - Exchange differences arising on translation of the parent company and of foreign controlled entities into DKK, are recognised in other comprehensive income and accumulated in a separate reserve within equity as currency translation. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Currency hedging - Reserve comprises accumulated changes in the fair value of derivative financial instruments that qualify for hedging of future cash flows, where the hedged position has not yet been realised. The changes in fair value are transferred to the income statement when the hedged positions are realised.

Dividends - Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

SUMMARY OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of preparation

The consolidated financial statements of HiFi Klubben A/S and its subsidiaries ('the group') for the year ended 30 April 2022 has been approved by the Board of Directors at its meeting on 22 August 2022 and will be presented to the shareholders of HiFi Klubben A/S for approval on the annual general meeting.

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises. Refer to note 28 for information on how the group adopted IFRS.

General information

The annual report has been prepared on the basis of the historical cost principle, modified in that certain financial assets and liabilities are measured at fair value. Subsequent to initial recognition, the assets and liabilities are measured as described below in respect of each individual item or in the relevant note.

The Group's consolidated financial statements are presented in Danish kroner (DKK). Figures are rounded to the nearest DKK thousand, unless otherwise stated.

The company HiFi Klubben A/S was established through contribution of the two legal entities Audionord International A/S and Nordic Hi-Fi A/S with legal effect as of the signing of memorandum of association on 27 April 2022. The transaction is a common control business combination, and the Group has chosen an accounting policy applying predecessor accounting. The comparative figures for 2020/21 have been restated accordingly. Refer to note 28 for information on how the group adopted IFRS.

Significant estimates and judgements

In connection with the practical use of the accounting policies described, it may be necessary for Management to make estimates in respect of the accounting items. The estimates and assumptions applied are based on historical experience and other factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

A further description of the principal accounting estimates and judgements is provided in the relevant notes.

Area		Note	Risk of impact and degree of estimation	
Right-of-use-assets	Estimate	11	Low risk and high degree of estimation	
Inventories	Estimate	13	Low risk and medium degree of estimation	
Deferred tax assets	Estimate	8		Medium risk and medium degree of estimation
Other provisions	Estimate	16		Medium risk and medium degree of estimation

Note 2 - New financial reporting standards to be adopted

New and amended standards are implemented when taking effect. Based on the initial assessment, new standards are not expected to have a significant impact on the profit/loss statement or equity. Reporting standards or interpretations which are not adopted by the EU have not been applied in this annual report.

Note 3 - General accounting policies

This section provides a summary of significant accounting policies, and other general accounting policies. A detailed description of the accounting policies applied, and the estimates made relative to each individual item is provided in relevant notes, such that all information about a specific accounting item can be found there. In addition to the accounting polies provided in this and following notes, more details on the effects of IFRS implementation are provided in note 28.

Foreign currency

The financial statement items of individual Group entities are measured in the currency used in the primary economic environment in which the entity operates (functional currency). Other currencies are considered foreign currencies. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated into an entity's functional currency at the exchange rate prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange adjustments arising as the difference between exchange rates at the balance sheet date and exchange rates at the transaction date of monetary items are recognized in the income statement as financial income or expenses.

On translation of entities with a functional currency other than DKK, balance sheet items are translated at the exchange rates at the balance sheet date and income statement items are translated at the exchange rates at the transaction date. The resulting exchange adjustments are taken directly to other comprehensive income.

Consolidation, business combinations and associates

The consolidated financial statements comprise the financial statements of HiFi Klubben A/S (the parent company) and enterprises (subsidiaries) controlled by the parent company. The parent company is considered to exercise control when it has power over the relevant activities of the enterprise, is exposed or has rights to a variable return from the investment and has the ability to affect those returns through its power.

The consolidated financial statements are prepared by aggregating the financial statements of the parent company and the individual subsidiaries, all of which are prepared in accordance with the Group's accounting policies. Intra-group transactions, balances, dividends and unrealised gains and losses on transactions between Group companies are eliminated.

Cost of goods sold

Cost of goods sold comprises costs for purchase of goods for the year plus deviations in inventories in generating the revenue for the year. Cost of goods sold is recognised after deduction of supplier discounts and bonuses.

Other external costs

Other external cost comprises of expenses for marketing, IT, other premises cost, promotion, travelling as well as other sales and administrative expenses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years and are measured at cost.

Note 4 - Revenue

Accounting Policies:

Revenue from contracts with customers comprises sale of products (wholesale and retail) and royalty income.

Revenue from sales of products through stores (retail) is recognised at the point in time when control of the goods is transferred to the customer, which generally takes place when a store sells the product to the customer. Payment is usually received when the customer receives the product. Revenue from sales through the HiFi Klubben Group web shops is recognised and payment is received when the product is sent to the customer.

Revenue from wholesale relates primarily to sale to franchisees, which is recognised at a point in time when control of goods is transferred. For these sales on credit, a receivable is recognised. The payment terms are generally between 30 – 60 days. Reference is made to note 14, Trade receivables.

For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition. The estimate for returned products is based on historical experience and expectations. A refund liability is recognised for products expected to be returned.

Royalty income relates to franchise fees that are recognised along with provision of the services under the franchise agreements.

Omni channel (Omni) categories express the split in revenue from sale of products from own concept channels and sale to franchise concept channels, respectively.

1 May - 30 April

DKK 1,000	2020/21	2021/22
Specification of revenue representing over 10% of the Group’s revenue:		
Denmark	476,089	487,808
Norway	251,114	260,028
Sweden	280,897	282,178
Netherlands	169,603	207,837
Germany	82,585	99,896
Other	746	458
Total	**1,261,034**	**1,338,205**
Revenue by categories:		
Omni - own concept channels	1,053,828	1,088,993
Omni - franchise concept channels	170,999	207,870
Omni - franchise royalty	36,207	41,342
Total	**1,261,034**	**1,338,205**

Note 5 - Staff costs, Remuneration of the Board of Directors & Executive Management

Accounting Policies:

Staff expenses comprise direct wages and salaries, remuneration, pension costs etc. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

1 May - 30 April

DKK 1,000	2020/21	2021/22
Specification of staff costs recognised in the financial year		
Salaries, wages and directors' remuneration	-162,514	-157,246
Defined contribution pension plan	-7,728	-8,906
Other social security costs	-1,153	-1,178
Share-based payment	-477	-260
	-171,872	**-167,590**
Average number of employees, FTEs	340	357
Number of employees at 30 April, headcount	556	551

DKK 1,000	**Board of Directors & Executive Mgt.**	**Other key employees**	**Total**
2021/22			
Salaries, wages and directors' remuneration	3,807	6,861	**10,668**
Defined contribution pension plan	119	300	**419**
Share-based payment	109	127	**236**
Total	**4,035**	**7,288**	**11,323**

DKK 1,000	**Board of Directors & Executive Mgt.**	**Other key employees**	**Total**
2020/21			
Salaries, wages and directors' remuneration	2,772	8,393	**11,165**
Defined contribution pension plan	107	293	**400**
Share-based payment	238	112	**350**
Total	**3,117**	**8,798**	**11,915**

With reference to Section 98B (3) of the Danish Financial Statements Act, remuneration to the Executive Board and Board of director has been consolidated in above figures.

The group of other key employees consists of the management team in HiFi Klubben who are all directly reporting to CEO and covering functions of sales, product development, purchase, finance, IT and logistics.

Note 6 - Depreciations & fees to auditors

1 May - 30 April

Depreciations

DKK 1,000	2020/21	2021/22
Amortisation, intangible assets	-6,056	-7,044
Depreciation, property, plant and equipment	-11,078	-8,579
Depreciation of right of use assets	-43,394	-44,127
Total	**-60,528**	**-59,750**

Fees to the auditors appointed at the general meeting

PwC		
Audit fee	773	973
Other assurance engagements	17	30
Tax advisory services	0	51
Non-audit services	92	726
Total	**882**	**1,780**

Note 7 - Financial income and expenses

Accounting Policies:

Financial income and expenses include interest, financing costs of leases using the effective interest method, realised and unrealised foreign exchange adjustments, fair value adjustment of forward contracts transferred from other comprehensive income and fees.

1 May - 30 April

DKK 1,000	2020/21	2021/22
Financial income		
Interest income, group entities	594	439
Net exchange adjustments	4,630	0
Other financial income	375	838
Total	**5,599**	**1,277**
Financial expenses		
Interest expenses	-604	-523
Interest expenses, lease liabilities	-1,374	-1,138
Net exchange adjustments	-100	-4,627
Other financial expenses and fees	-734	-996
Total	**-2,812**	**-7,284**

Note 8 – Tax on profit for the year and deferred tax asset

Accounting Policies:

HiFi Klubben A/S, its subsidiaries and the enterprises in the Group of Lyngdorf Familie Holding ApS are jointly taxed. The Group enterprises are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total accrued corporation tax is disclosed in the Annual Report of Lyngdorf Familie Holding ApS, which is the management company under the joint taxation. Additions, deductions and allowances relating to the on-account tax scheme are included in financial items.

Current tax on the net profit or loss for the year is recognised as an expense in the income statement together with any change in the provision for deferred tax. Tax on changes in other comprehensive income is taken directly on other comprehensive income.

Full provision is made for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. Temporary differences arise between the tax base of assets and liabilities and their carrying amounts which are offset over time.

Deferred tax arising on initial recognition of assets or liabilities is not recognised if at the transaction date neither the accounting profit nor the taxable income is affected unless such differences occurred in a business combination. Deferred tax assets are recognised to the extent that it is probable that future positive taxable income will be generated, against which the temporary differences and tax losses can be offset. Deferred tax assets are measured at expected net realisable values.

Key accounting estimates and judgements

The recognition of deferred tax assets and uncertain tax positions requires an assessment by management. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised if management estimates that the tax assets can be utilised within a foreseeable future by offsetting against future positive taxable income. The assessment is made annually on the basis of budgets and business plans for the following years, including any scheduled business measures and the joint taxation impact. As the Group conducts business internationally, transfer pricing disputes may arise with tax authorities in respect of settlement prices etc. Management applies a probability-weighted assessment to determine obligations in connection with any transfer pricing disputes. All tax assets are for current financial year expected to be utilized and recognized in the balance sheet.

Note 8 – Tax on profit for the year and deferred tax asset, continued

1 May - 30 April

DKK 1,000	2020/21	2021/22
Specification of tax on profit for the year		
Current tax on profit for the year	-12,768	-15,010
Change in deferred tax on profit for the year	-4,008	-11,266
Tax on profit from ordinary activities for the year	-16,776	-26,276
Adjustment of tax relating to prior years	-2,280	0
Tax on profit for the year	-19,056	-26,276
Tax on equity and other comprehensive income entries, income	**358**	**-727**
Reconciliation of tax rate differences		
Danish tax rate	22.0%	22.0%
Effect of change of tax rates		
Adjustment of tax relating to prior years	2.5%	0.0%
Deviation in foreign subsidiaries' tax percentage	0.5%	0.3%
Non-taxable income and non-deductible expenses	0.0%	0.1%
Previously unrecognized tax losses now recouped to reduce current tax expense	-2.9%	0.0%
Other taxes and other adjustments, net	-1.0%	0.8%
Effective tax rate	**21.1%**	**23.2%**

DKK 1,000	2020/21	2021/22
Deferred tax asset at 1 May, net	18,574	14,928
Exchange adjustments	4	10
Other changes in deferred tax – charged to income statement	-4,008	-10,549
Change in deferred tax - charged to other comprehensive income	358	-727
Deferred tax asset at 30 April, net	**14,928**	**3,662**

DKK 1,000	2021	2022
Recognised in the balance sheet as follows		
Deferred tax assets	14,928	3,662
Provision for deferred tax	0	0
Deferred tax asset at 30 April, net	**14,928**	**3,662**
Deferred tax relates to the following items		
Intangible assets	-111	-2,775
Property, plant and equipment	2,524	829
IFRS 16 Right-of-use assets	-39,710	-31,818
Unrealised gain from intra-group sale of goods	1,132	1,546
Trade receivables	951	181
Provisions	2,619	-356
Tax losses carried forward	6,962	3,863
IFRS 16 liabilities	40,203	32,561
Hedging instrument	358	-369
Deferred tax asset at 30 April, net	**14,928**	**3,662**

Note 9 - Intangible assets

Accounting Policies:

Intangible assets with a finite life are measured at cost less accumulated amortisation and impairment losses. Borrowing costs are recognised as part of cost. Amortisation is made on a straight-line basis over the expected useful lives of the assets, which are:

Development Projects: 3 - 5 years

Acquired patents, licences etc.: 3 - 5 years

The amortisation period is determined on the basis of Management's best estimate of the expected economic lives of the assets. The expected economic lives are assessed at least annually, and the amortisation period is determined based on the latest assessment. For purposes of calculating amortisation, the residual value of the assets is nil, unless a third party has committed to purchasing the asset after its use or there is an active market for the asset. All intangible assets have a finite life.

Development projects

Costs associated with research are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the group are recognised as intangible assets where the following criteria are met:

- *it is technically feasible to complete the product so that it will be available for use*
- *management intends to complete the product and use or sell it*
- *there is an ability to use or sell the product*
- *it can be demonstrated how the product will generate probable future economic benefits*
- *adequate technical, financial and other resources to complete the development and to use or sell the product are available, and*
- *the expenditure attributable to the product during its development can be reliably measured.*

Directly attributable costs that are capitalised as part of a development project include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised from the point at which the asset is ready for use.

Gains or losses on the disposal of intangible assets are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are included in the income statement under other operating income or other operating expenses, respectively.

At 30 April

DKK 1,000	**Development Project**	**Acquired patents, licences etc,**	**Prepayments and intangible assets in progress**	**Total Intangible Assets**
2021/22				
Cost at 1 May	19,721	12,849	5,211	**37,781**
Exchange adjustment	0	0	0	**0**
Transfers	5,211	0	-5,211	**0**
Additions and improvements during the year	14,859	393	0	**15,252**
Disposals during the year	0	0	0	**0**
Cost at 30 April	**39,791**	**13,242**	**0**	**53,033**
Amortisation at 1 May	-9,271	-12,153	0	**-21,424**
Exchange adjustment	0	0	0	**0**
Amortisation for the year	-6,819	-225	0	**-7,044**
Amortisation reversed on disposals during the year	0	0	0	**0**
Amortisation at 30 April	-16,090	-12,378	0	**-28,468**
Carrying amount at 30 April	**23,701**	**864**	**0**	**24,565**

Note 9 - Intangible assets, continued

DKK 1,000	Development Projects	Acquired patents, licences etc,	Prepayments and intangible assets in progress	Total Intangible Assets
2020/21				
Cost at 1 May	8,024	12,400	2,657	**23,081**
Exchange adjustment	0	11	0	**11**
Transfers	7,111	0	-4,499	**2,612**
Additions and improvements during the	4,586	438	7,550	**12,574**
Disposals during the year	0	0	-497	**-497**
Cost at 30 April	**19,721**	**12,849**	**5,211**	**37,781**
Amortisation at 1 May	-3,476	-11,888	0	**-15,364**
Exchange adjustment	0	-4	0	**-4**
Amortisation for the year	-5,795	-261	0	**-6,056**
Amortisation reversed on disposals during	0	0	0	**0**
Amortisation at 30 April	-9,271	-12,153	0	**-21,424**
Carrying amount at 30 April	**10,450**	**696**	**5,211**	**16,357**

Development Projects relates to ERP systems and commercial products. Prepayments and intangible assets in progress mainly relates the development of a new ERP system. The project progress according to plan with the resources allocated by Management to the development.

Note 10 - Property, plant and equipment

Accounting Policies:

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly attributable to an acquisition until the asset is ready for use. In case of assets manufactured by the company, cost comprises materials, components, sub-supplier services, direct labour and costs directly attributable to the manufactured asset. In addition, borrowing costs are recognised as part of cost.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are:

Land:	not depreciated
Buildings:	10 – 30 years
Other fixtures and fittings, tools and equipment:	5 – 10 years
Leasehold improvements:	3 - 5 years

At the balance sheet date, the residual values, remaining useful lives and depreciation pattern of the assets are reassessed. Any changes are treated as changes to accounting estimates. Gains and losses on the sale or scrapping of an item of property, plant and equipment are recognised in the income statement as other operating income and other operating expenses, respectively.

Note 10 – Property, plant and equipment, continued

DKK 1,000	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total tangible assets
2021/22					
Cost at 1 May	1,948	37,946	83,767	1,310	**124,971**
Exchange adjustment	0	-49	21	0	**-28**
Transfers	0	-6,715	8,025	-1,310	**0**
Additions and improvements during the year	0	3,106	5,372	517	**8,995**
Disposals during the year	0	-7,082	-24,327	0	**-31,409**
Cost at 30 April	**1,948**	**27,206**	**72,858**	**517**	**102,529**
Depreciation at 1 May	-1,867	-31,499	-72,616	0	**-105,982**
Exchange adjustment	0	-12	-36	0	**-48**
Transfers		4,943	-4,943	0	**0**
Depreciation for the year	-40	-1,772	-6,767	0	**-8,579**
Depreciation on disposals during the year	0	6,055	22,337	0	**28,392**
Depreciation at 30 April	-1,907	-22,285	-62,025	0	**-86,217**
Carrying amount at 30 April	**41**	**4,921**	**10,833**	**517**	**16,312**

DKK 1,000	Land and Buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total Property, plant and equipment
2020/21					
Cost at 1 May	1,948	33,989	85,280	361	**121,578**
Exchange adjustment	0	6,088	1,314	26	**7,428**
Transfers	0	-2,612	0	0	**-2,612**
Additions and improvements during the year	0	3,491	4,935	1,313	**9,739**
Disposals during the year	0	-3,010	-7,762	-390	**-11,162**
Cost at 30 April	**1,948**	**37,946**	**83,767**	**1,310**	**124,971**
Depreciation at 1 May	-1,827	-26,953	-68,663	0	**-97,443**
Exchange adjustment	0	-1,063	-3,560	0	**-4,623**
Depreciation for the year	-40	-3,987	-7,051	0	**-11,078**
Depreciation on disposals during the year	0	504	6,658	0	**7,162**
Depreciation at 30 April	-1,867	-31,499	-72,616	0	**-105,982**
Carrying amount at 30 April	**81**	**6,447**	**11,151**	**1,310**	**18,989**

Note 11 – Leases

Accounting Policies:

At the commencement date, when a leased asset is made available for use, a right-of-use asset and a corresponding lease liability is recognised on the balance sheet. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made prior to the commencement date and any initial direct costs. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment losses and adjusted for the remeasurement of the lease liability. The right-of-use assets are depreciated on a straightline basis over the shorter of the lease term or the useful life of the right-of-use asset.

Options to extend the initial leasing period are only included in the initial measurement if it is reasonably certain that the option will be utilised. Lease liabilities are initially measured at the present value of future lease payments. The lease payments are discounted using the implicit rate of the lease contract or, if not readily determinable, the incremental borrowing rate of HiFi Klubben for loans with similar term and security. The lease liabilities are subsequently reduced by the portion of lease payments which is regarded as repayment of those lease liabilities. Lease liabilities are remeasured following a change in a price index determining the lease payment and in the event of a lease modification or a reassessment of the lease term. A corresponding adjustment is made to the carrying value of the right-of-use assets. The lease term is reassessed when a significant event or change, which is within the control of HiFi Klubben, affects the prior assessment.

Short-term leases and leases of low-value assets are exempted from the above accounting model. Consequently, lease payments associated with such lease contracts are recognised as an operating expense on either a straight-line basis over the lease term or another systematic basis which is more representative of the pattern of the benefit of the leased assets.

The majority of the Group's right-of-use assets comprise stores, office space, warehouses and cars. Leasing

arrangements are preferred for certain types of assets as it stabilises cash flows and reduces capital invested in non-current assets.

In certain situations, the leasing contracts include a right for HiFi Klubben to extend the leasing period but this is only reflected in the cost of the right-of-use assets, and the corresponding lease liability, if it is reasonably certain that the option will be utilised. Variable lease payments, which are not included in the measurement of the lease liability, are expensed directly in profit or loss. These payments are mainly related to consumption-based charges, e.g. revenue based rent payments and extra mileage in leased cars.

The Group enters into new lease contracts continually, e.g. to replace an old right-of-use asset which is returned to lessor. The new contracts are usually entered prior to commencing the leasing period when a right-of-use assets is available for use. Consequently, the Group may have committed to lease contracts, which are insignificant from an individual perspective, at the balance sheet date which are not yet recognised on the balance sheet date.

The extent of residual value guarantees for right-of-use assets is limited and expected payments are included in the initial amount of the lease liability.

Key accounting estimates and judgements

The measurement of right-of use assets, could be materially affected by significant changes in the judgements of reasonably certainty of future right-of-use lease usage and lease extensions These changes can impact the assets and related lease liabilities.

Note 11 – Leases, continued

DKK 1,000	Land and buildings	Other tools and equipment	Total right of use assets
2021/22			
Cost at 1 May	221,491	2,403	**223,894**
Exchange and other adjustment	222	8	**230**
Additions and improvements during the year	6,120	1,935	**8,055**
Disposals during the year	-3,799	0	**-3,799**
Cost at 30 April	**224,034**	**4,346**	**228,380**
Amortisation at 1 May	-42,946	-448	**-43,394**
Exchange and other adjustment	-31	0	**-31**
Amortisation for the year	-42,955	-1,172	**-44,127**
Amortisation reversed on disposals during the year	3,799	0	**3,799**
Amortisation at 30 April	-82,133	-1,620	**-83,753**
Carrying amount at 30 April	**141,901**	**2,726**	**144,627**
Lease Liabilities			
Non-current			105,626
Current			42,380
Total Lease liabilities			**148,006**

DKK 1,000	Land and Buildings	Other tools and equipment	Total right of use assets
2020/21			
Cost at 1 May	206,786	724	**207,510**
Exchange and other adjustment	6,209	24	**6,233**
Additions and improvements during the year	8,496	1,655	**10,151**
Disposals during the year	0	0	**0**
Cost at 30 April	**221,491**	**2,403**	**223,894**
Amortisation at 1 May	0	0	**0**
Exchange and other adjustment	0	0	**0**
Amortisation for the year	-42,946	-448	**-43,394**
Amortisation reversed on disposals during the year	0	0	**0**
Amortisation at 30 April	-42,946	-448	**-43,394**
Carrying amount at 30 April	**178,545**	**1,955**	**180,500**
Lease Liabilities			
Non-current			140,512
Current			42,229
Total Lease liabilities			**182,741**

Note 11 - Leases, continued

DKK 1,000	2020/21	2021/22
The following amounts have been recognised in the statement of comprehensive income regarding the recognised assets:		
Depreciations	-43,394	-44,127
Interest expenses	-1,374	-1,138
Income from subleases	10,807	12,874
Recognised in the statement of comprehensive income regarding:		
Short-term leases and leases of low-value assets	1,039	836
Lease liability		
Total cash outflow for leases	46,980	45,578
Revenue based leases		
For some leases, rent is partially based on revenue. Revenue-based rent is not comprised by IFRS 16 and is therefore not included in the above tables. Revenue-based rent is, as before, recognised under other external costs and amounted to	43	0
Right-of-use assets extention options		
Many contracts are evergreen contracts as defined in the Danish Business Rent Act or similar regulated in other juristrictions. Evergreen contracts have been estimated extended for a period of maximum 5 years based on judgement of most certain future usage.		
For some contract the extentions options are for periods of 2 to 5 years. If extention options are used for all contracts the annualized cost will be in the range of above stated figures for the period 2021/22.		
Undiscounted lease payments for subleases to be received		
Store leases, maxium of 12 month firm period	10,807	11,131
Contingent liability at April 30		
Short-term store leases	836	128

Note 12 - Deposits

Accounting Policies:

Consist of rent deposits which are measured at amortised cost.

DKK 1,000	**Other receivables**
Cost at 1 May 2021	10,070
Exchange adjustment	8
Additions and improvements during the year	2,248
Disposals during the year	-2,411
Cost at 30 April 2022	**9,915**

DKK 1,000	**Other receivables**
Cost at 1 May 2020	8,717
Exchange adjustment	61
Additions and improvements during the year	1,292
Disposals during the year	0
Cost at 30 April 2021	**10,070**

Note 13 - Inventories

Accounting Policies:

Inventories are measured at the lower of cost and net realisable value. The cost of goods for resale equals landed cost and is determined using the FIFO principle. The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected sales price.

Key accounting estimates and judgements

The assessment of net realisable value takes into account the future sales potential of the products. Net realisable value can be impacted by changes in consumer behavior, purchase patterns and other relevant factors that impacts market prices. A drop in prices and/or purchase patterns could affect the overall valuation of inventories. The applied principles are unchanged compared to the prior year.

DKK 1,000	2021	2022
Finished goods and goods for resale	175,818	203,230
Prepayments for goods	3,079	7,440
Inventories at 30 April	**178,897**	**210,670**
Write-downs at 1 May	17,826	21,769
Write-downs realised during the year	-2,542	-5,509
Write-downs and reversals during the year	6,485	-4,718
Write-downs at 30 April	**21,769**	**11,542**

Note 14 – Trade receivables

Accounting Policies:

Trade receivables are initially measured at fair value and are classified as financial assets at amortised cost, as the contractual cash flows represent solely principal and interest and as the Group expects to collect the contractual cash flows. The Group assesses on a forward-looking basis the expected credit losses associated with these receivables. The loss allowance reflects the 12 months expected credit losses unless there has been a significant increase in credit risk., refer to note 20 for further details.

DKK 1,000	2021	2022
Aging of trade receivables		
Not overdue	34,909	28,976
Up until 30 days	5,145	4,377
Between 30 and 90 days	952	3,929
More than 90 days	3,936	6,334
Trade receivables at 30 April, gross	**44,942**	**43,616**
Loss allowance at 30 April	-2,753	-2,640
Trade receivables at 30 April, net	**42,189**	**40,976**
Loss allowance at 1 May	-1,606	-2,753
Exchange rate adjustment	25	-10
Loss allowance for the year	-2,021	-530
Reverse	251	291
Realised during the year	598	362
Loss allowance at 30 April	**-2,753**	**-2,640**

Note 15 - Incentive programs

Accounting Policies:

The Group incentive programs are equity based. The fair value is measured at the grant date and recognised over the vesting period. The balancing item is recognised directly in equity as a shareholder transaction.

The accounting value of the share options was calculated using the Black-Scholes formula at the date of the grant, in which the interest rate applied was the yield on Danish government bonds. Volatility is calculated as monthly share movements in peer group companies (period-end to period-end) over three years and estimation of share class impact. Share options are assumed to be exercised by the end of the three-month exercise period.

The following assumptions were applied in determining the fair value of share options granted during the respective financial years

	2020		2020
Black-Scholes value, DKK	0.30	Volatility	80%
Share price, DKK	1.037	Risk-free interest	-0.47%
Exercise price, DKK	1.113	Value, thousands DKK	898
Expected dividend yield per share, DKK	11,4%	Exercise period	01-10-2023
Expected duration, months	38		-31/12/2023

	Total	Range of exercise prices for share option outstanding Low	High	Weighted-average fair value per option (determined on grant date)	Weighted-average years to maturity
Share options as at 30 April 2020	**2,881,250**	**1.941**	**1.941**	**0.51**	**0.67**
Granted	2,977,813	1.113	1.113	0.30	
Lapsed	0				
Exercised	0				
Expired	-2,881,250	1.941	1.941	0.51	
Share options as at 30 April 2021	**2,977,813**	**1.113**	**1.113**	**0.30**	**2.67**
Granted	0				
Lapsed	0				
Exercised	0				
Expired	0				
Share options as at 30 April 2022	**2,977,813**	**1.113**	**1.113**	**0.30**	**1.67**

DKK 1,000	2020/21	2021/22
Share options have affected the profit or loss for the year as follows		
Staff costs	-477	-260
Cost of goods sold	-11	-27
Cost of share options recognised in profit or loss	**-488**	**-287**

Incentive programs are granted to members of the management and others for the purpose of motivating and retaining a qualified management group and in order to align the interests of management with the shareholders. Incentive programs are awarded as conditional allocations at the date of grant. Incentive programs relates to shares in the direct parent company ANI Holding A/S. The option agreements include retention clauses. It is a vesting condition that the respective option holders continuously provide services to the group until exercise.

Persons under the incentive programs have entered into agreements with other shareholders.

HiFi Klubben do not hold any shares to cover the incentive programs, as share options exercised under the programs will not influence the Group's cash position as the purchase of the shares are between the participants and the parent companies.

Note 16 - Provisions

Accounting Policies:

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 2-6 years. Provisions are measured and recognised based on experience with warranty work.

Provisions are measured as Management's best estimate of the amount which is expected to be required to settle the liability.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability.

Provisions for the reinstatement of leased premises are measured at the present value of the expected future liability at the date of the statement of financial position. Timing in expected utilization of reestablishment provisions follows the expected timing of lease termination. The provision is determined based on current legislation and estimated future costs. Any specific risks that are believed to apply to the provision are recognised in estimated costs. Liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price levels, etc.

Key accounting estimates and judgements

Management makes assessments of provisions and contingent liabilities, including the probable outcome of product performance which is inherently subject to uncertain future events. Based on information available, Management believes that adequate provisions have been made for warranties and reestablishment liabilities.

DKK 1,000	Warranties	Reestablishment liabilities	2022
Provisions at 1 May	15,126	9,352	24,478
Exchange adjustment	30	0	30
Provisions used during the year	-7,822	-500	-8,322
Unused provisions reversed during the year	-230	0	-230
Additional provisions	10,176	643	10,819
Provisions at 30 April	**17,280**	**9,495**	**26,775**

Expected maturities	
Non-current liabilities	16,760
Current liabilities	10,015
Provisions at 30 April	**26,775**

Note 17 – Prepayments & other payables

Prepayments

Relates to prepayments from customers and performance obligations regarding issued gift vouchers. Prepayments relating to gift vouchers are recognised at the date of issue. The major part of the outstanding balance relates to prepayments from customers with expected delivery and transfer of control in the following financial year.

Other Payables

DKK 1,000	2021	2022
VAT payable	18,736	29,258
Holiday pay obligation etc,	16,163	16,550
Pay-related liabilities	22,592	20,282
Other creditors	7,250	11,965
Other Payables at 30 April	**64,741**	**78,055**

Note 18 – Credit institutions

Accounting Policies:

Borrowings from credit institutions are recognised at fair value less expenses incurred and subsequently at amortised cost using the effective interest method.

DKK 1,000	Maturity	2021	2022
Borrowings from credit institutions	on demand	4,673	13,142
Borrowing from credit institutions at 30 April		**4,673**	**13,142**
Lease Liability	See note 11 'Right-of-use assets'	182,741	148,006
Bank balances	Available for withdrawal	-20,187	-16,279
Net interest-bearing debt at 30 April		**167,227**	**144,869**

Borrowings from credit institutions consists of short-term bank credit facilities.

The borrowings from credit institutions are presented as current liabilities due to its nature as instruments for liquidity management.

Note 19 - Financial instruments

Accounting Policies:

Financial instruments are measured at either amortised cost or fair value. Those financial instruments, which are measured at fair value, can be categorised according to the fair value measurement hierarchy below:

Level 1: Observable prices in active markets for identical instruments.

Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments.

Level 3: Valuation models primarily based on non-observable prices.

HiFi Klubben has designated certain derivative financial instruments as cash flow hedges as defined under IFRS 9. Hedge accounting is classified as a cash flow hedge when the hedges of a particular risk is associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions. The fair value of derivative financial instruments is recognised under other receivables or other financial liabilities, respectively, in the statement of financial position. The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised. When realised, the accumulated gains/losses are transferred to the items under which the hedged transactions are recognised.

Derivative financial instruments are used by the Group for hedging of currency exposure. The fair value of forward exchange contracts and other derivative financial instruments are considered a level 2 fair value

measurement as the fair value is determined directly based on the published exchange rates and quoted forward exchange rates at balance sheet dates. The fair value of derivative financial instruments is calculated on the basis of current market data.

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates. The principals are unchanged from prior years.

Note 19 – Financial instruments, continued

Specification of derivative financial instruments held at the balance sheet date 30 April:

DKK 1,000	Contract amount at year-end[1)]	Fair value of contract at year-end[2)]	Average exchange rate per the hedging contracts	Expiry periode of contracts
2022				
USD	-14,120	1,280	674.01	May 22 - Jun 22
SEK	42,893	1,010	73.49	May 22 - Sep 22
NOK	37,125	-612	75.82	Jun 22 - Dec 22
EUR	-66,973	0	744.15	May 22 - Dec 22
	-1,075	1,678		

DKK 1,000	Contract amount at year-end[1)]	Fair value of contract at year-end[2)]	Average exchange rate per the hedging contracts	Expiry periode of contracts
2021				
SEK	36,960	73	73.25	Jun 21 - Dec 21
NOK	39,250	-1,700	73.37	Jun 21 - Dec 21
EUR	-66,924	0	743.60	Jun 21 - Dec 21
	9,286	-1,627		

[1)] Amount is translated to DKK thousands using the exchange rates per the hedging contracts. Positive amounts indicate a forecasted sale of the currency in question; negative amounts indicate a forecasted purchase of currency in question.

[2)] Positive amounts indicate that the net fair value of the hedging contracts is an asset. Negative amounts indicate that the net fair value of the hedging contracts is a liability.

The group holds the following financial instruments:

DKK 1,000	2021	2022
<u>Financial assets at amortized cost</u>		
Deposits	10,070	9,915
Trade receivables	42,189	40,976
Receivables from group enterprises	71,825	40,690
Cash and cash equivalents	20,187	16,279
<u>Financial assets at fair value</u>		
Other receivables, derivatives hereof	0	1,678
Financial assets	**144,271**	**109,538**
<u>Financial liabilities at amortized cost</u>		
Credit institutions	4,673	13,142
Trade payables	118,314	88,094
Payables to group enterprises	0	5,009
Lease liability, current and non-current	182,741	148,006
<u>Financial liabilities at fair value</u>		
Other debt, derivatives hereof	1,627	0
Financial liabilities	**307,355**	**254,251**

Note 20 - Financial risks

Risk management policy

Financial risks are managed centrally and, accordingly, all derivative instruments are managed and controlled by the HiFi Klubben Group. The framework is determined by the financial policy approved annually by the Board of Directors. The financial policy comprises policies for foreign exchange, funding, liquidity and financial counterparts. The core principle is for financial risk to be managed with a view to reducing significant risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because

of changes in foreign exchange rates.

The foreign exchange risk related to financial instruments is concentrated in receivables, payables cash positions and borrowings from credit institutions denominated in foreign currencies. In addition to this, the fair value of the Group's hedging instruments is significantly exposed to changes in foreign exchange rates primarily related to USD in respect of product purchase, sales in Norway (NOK) and Sweden (SEK).

While EUR is a key currency for the Group, the foreign exchange risk is regarded as low due to fixed exchange rate policy of the central bank of Denmark.

It is the group's policy not to hedge its exposure from currency risks fully. A reasonable possible change in the DKK/SEK, DKK/NOK and DKK/USD exchange rate of 5% compared to the exchange rate at the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

DKK 1,000	2020/21	2021/22
Impact on profit after tax and equity		
DKK/NOK – change of 5 %	514	704
DKK/SEK – change of 5 %	437	599
DKK/USD – change of 5 %	-296	-688

The analysis includes the impact from monetary items denominated in foreign currencies as outstanding at the end of the respective reporting period incl. eliminated intercompany balances as per 30 April.

Interest rate risk

Interest rate risk includes the risk of changes in the fair value of a financial instrument or in future cash flows due

to changes in market interest rates. The exposure to interest rate risks is consider limited as the Group's net interest-bearing debt remains an minor part of the Groups capital structure (excl. right-of-use assets). The credit facilities are at floating interest rate. The duration as per balance sheet date was less than a year.

As of 30 April 2022, the carrying amount of the Group's net interest-bearing debt carrying a floating rate amounts to DKK -3,137 thousands (2021: DKK -15,504 thousands). It is HiFi Klubben's policy not to hedge its exposure from changes in market rates of interest.

A reasonably possible change in the market interest rate compared to the interest rates as of the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

DKK 1,000	2020/21	2021/22
Impact on profit after tax and equity		
Interest rate – increase of 100 basis points	600	200
Interest rate – decrease of 100 basis points	-600	-200

The sensitivity analysis is based on the assumption that all other variables and exposures remain constant. The sensitivity analysis does not consider impact from repayments and other changes in borrowings made during the year.

Note 20 – Financial risks, continued

Liquidity risk

The exposure to liquidity risks is considered low. In addition to cash available for withdrawal, the Group's cash reserves includes committed credit facilities to ensure an adequate level of funding for the Group's activities, even in periods of operational uncertainty. Except for leases all liabilities matures within one year.

As per 30 April 2022 the committed credit facilities for HiFi Klubben group totals DKK 75,000 thousands.

The Board of Directors generally intends to distribute excess cash to the shareholders by way of dividends. However, distribution of dividend will always be made with due consideration for the Group's liquidity requirements and plans. The Company regularly assesses the need for adjustment of the capital structure. The capital is managed for the Group as a whole.

The capital management objective of the Group is to raise new debt only for acquisition purposes or for other special purposes.

The Group assesses the capital on the basis of the solvency ratio, which is calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

Maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows.

DKK 1,000	< 1 year	1 - 5 years	>5 years	Total Contractual cash flows	Carrying amount
Trade payables	88,094	0	0	88,094	88,094
Credit institutions	13,142	0	0	13,142	13,142
Payables to group enterprises	5,009	0	0	5,009	5,009
Lease liabilities	42,515	100,124	7,496	150,135	148,006
At 30 April 2022	**148,760**	100,124	7,496	**256,380**	**254,251**
Trade payables	118,314	0	0	118,314	118,314
Credit institutions	4,673	0	0	4,673	4,673
Payables to group enterprises	0	0	0	0	0
Lease liabilities	45,053	130,733	18,297	194,083	182,741
At 30 April 2021	**168,040**	130,733	18,297	**317,070**	**305,728**

The maturity analysis is based on the following assumptions:

- The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Interest payments are estimated based on current market conditions.
- Payments for lease liabilities includes only lease agreements which have commenced before the end of the reporting period.
- As there is no upper limit to the contingent consideration, the amount disclosed reflects the most likely amount to be paid and is presented within the time-band it is due for payment according to the agreement.

Note 20 – Financial risks, continued

Credit risk

The Group's credit risk relates to the possibility that the counterparties of its financial assets are not able to meet their obligations as they fall due. The carrying amount of the financial assets represents the maximum credit risk exposure. The Group's policy for managing credit risks involves an ongoing credit assessment of major customers and other key business partners.

The credit risk exposure relates to (i) receivables, (ii) bank deposits, as well as (iii) derivative financial instruments (forward exchange contracts) with a positive fair value at the balance sheet date.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses on trade receivables which uses a lifetime expected loss allowance. The loss allowance is determined on an individual basis considering credit characteristics and days past due. The credit risk relating to trade receivables is diversified over a large number of customers. Historically the Group has not realized any significant losses on its trade receivables and Management does not expect an increase in credit risk on its current outstanding receivables. For this reason, the credit risk is regarded as insignificant. As at 30 April 2022 the loss allowance amounts to DKK 2,640 thousands (2020: DKK 2,750 thousands). See also note 14.

- The credit risk relating to group receivables is related to a few related companies within the Lyngdorf Familie Group. The loss allowance is limited to 12 months' expected losses, as the credit risk due to the high solidity of the Lyngdorf Familie Group, is regarded as insignificant. In addition, the Group has historically not recognised any losses on those receivables. Consequently, as at 30 April 2022, no significant loss allowance has been recognised for receivables from group enterprises (2021: DKK 0 thousands)
- The credit risk relating to bank deposits is, pursuant to the Group's counterparty policy, managed and mitigated by making money market deposits only with selected financial institutions holding a satisfactory credit rating. In addition, the maximum deposit limits have been defined for each financial counterparty.
- The credit risk relating to derivative financial instruments is aligned with the credit risk for bank deposits as derivative contracts are only entered with selected financial institutions with a satisfactory credit rating

Note 21 – Specifications of cash flow from operating and financing activities

Accounting Policies:

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are calculated using the indirect method based on operating profit (EBIT) adjusted for non-cash operating items, changes in net working capital, financial items and taxes paid. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents. The cash flow statement cannot be derived directly from the balance sheet and income statement. Cash flows from investing activities comprise cash flows from acquisitions and disposals of businesses and non-current assets. Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders. Cash and cash equivalents comprises cash and bank balances.

DKK 1,000	2020/21	2021/22
Change in other provisions	-2,597	2,297
Other non-cash operating items, net	42,349	-6,630
Adjustment for other non-cash operating items	**39,752**	**-4,333**
Inventories	-51,651	-20,231
Trade receivables	-20,626	1,326
Other receivables	-61,635	26,707
Trade and other payables etc.	66,675	-122
Changes in working capital	**-67,237**	**7,680**

	2020/21			2021/22		
DKK 1,000	Lease liability	Credit facilities	**Total**	Lease liability	Credit facilities	**Total**
Balance at 1 May	207,510	0	**207,510**	182,741	4,673	**187,414**
Additions during the year	10,076	0	**10,076**	8,055	0	**8,055**
Cashflows	-41,078	4,673	**-36,405**	-42,989	8,469	**-34,520**
Exchange and other adjustments	6,233	0	**6,233**	230	0	**230**
Balance at 30 April	**182,741**	**4,673**	**187,414**	**148,037**	**13,142**	**161,179**

Note 22 – Cash and cash equivalents

Accounting Policies:

Cash and cash equivalents, recognised under current assets, comprise bank deposits and cash at hand and are measured at amortised cost.

DKK 1,000	2021	2022
30 April		
Bank deposits, short term	20,187	16,279
Cash and cash equivalents	**20,187**	**16,279**

Note 23 – Contingent liabilities and security

As part of the normal course of business, HiFi Klubben is involved in pending litigations, claims and investigations. Provisions for probable losses have been made for those matters Management has assessed as needed, but there are uncertainties associated with these estimates.

DKK 1,000	2021	2022
30 April		
Bank Guarantee of payment to certain suppliers	1,375	2,492

The Group enterprises are jointly and severally liable for tax on the jointly taxed income etc. of the Group. The total accrued corporation tax is disclosed in the Annual Report of Lyngdorf Familie Holding ApS, which is the management company under the joint taxation. Moreover, the group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Note 24 – Events occurring after the balance sheet date

No events have occurred after the balance sheet date which are deemed to have a material impact on the financial results or equity at 30 April 2022.

Note 25 – Related parties

HiFi Klubben Group's related parties with significant influence comprise the companies' boards of directors and executive boards and their related family members. Further, related parties comprise companies in which the above mentioned persons have significant interests as well as associates.

The Company is included in the Group Annual Report of the ultimate Parent Company Lyngdorf Familie Holding ApS. Board Member Johan Peter Lyngdorf is the primary shareholder in the ultimate parent company.

The Group Annual Report of Lyngdorf Familie Holding ApS, CVR No 38 64 09 09 may be obtained at the Danish commerce agency.

The total accrued corporation tax is disclosed in the Annual Report of Lyngdorf Familie Holding ApS, which is the management company under the joint taxation. The Group enterprises are jointly and severally liable for tax on the jointly taxed income etc. of the Group.

Immediate parent company is ANI Holding A/S, CVR No 56 03 99 10.

HiFi Klubben Group has had the following material transactions and balances with related parties:

DKK 1,000	2020/21	2021/22
Transactions with parent companies		
Dividend	-75,000	-115,000
Financial income	594	439
Joint taxation contribution, paid	-3,916	-6,740
Balance end of year	71,825	37,350
Transactions with other related parties		
Purchase of goods	-44,227	-48,698
Rental cost	-2,065	-2,109
Consulting cost	-564	-820
Deposits (Other receivables)	2,212	2,256
Lease liability end of year	-15,415	-13,363
Balance end of year	0	-1,669

In addition to the disclosures provided in this note, more details on the remuneration of Executive Management and Directors are provided in note 5.

Note 26 - Group Overview

The HiFi Klubben Group consists of a number of independent public limited companies. In the case of internal trading, which has a significant scope, or when a company performs work for another company, settlement takes place on market-based terms or on a cost-covering basis. The trading conditions are documented by written agreements, unless these are immaterial transactions.

The group consists of the following companies:

HiFi Klubben A/S, Denmark	Audionord International A/S, Denmark	100%
	– HiFi Klubben Danmark A/S, Denmark	100%
	– HiFi Klubben Sverige AB, Sweden	100%
	– HiFi Klubben AS, Norway	100%
	– HiFi Klubben Netherlands B.V., Netherlands	100%
	– HiFi Klubben Deutschland GmbH, Germany	100%
	Nordic Hi-Fi A/S, Denmark	100%

Note 27 - Definition of key ratios

The ratios are calculated and applied in accordance with Recommendations & Financial Ratios issued by the Danish Society of Financial Analysts. Key ratios are shown on page 1.

Key figures and ratios	**Definition**
Retail revenue	The Group's total retail revenue is defined as sales from both the physical shops and online of HiFi Klubben irrespective of whether sales are effected from own chain shops or from franchise shops.
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EBIT margin, %	EBIT as a percentage of revenues
Return on equity, %	Profit for the year attributable to HiFi Klubben as a percentage of equity before minority interests (average)
Equity ratio, %	Equity at year-end as a percentage of total assets at year-end

Note 28 - First time adoption of IFRS

First time adoption of IFRS

The consolidated financial statements for the year ended 30 April 2022 are the first set of consolidated financial statements the group has prepared. As stated in note 1, the entity is accounting wise a continuation of the existing businesses previously operated through Audionord International A/S and Nordic Hi-Fi A/S. The consolidated financial statements are prepared in accordance with IFRS. The group has prepared consolidated financial statements that comply with IFRS applicable as at 30 April 2022, together with the comparative period information for the year ended 30 April 2021. In preparing these consolidated financial statements, the group's opening balance sheet was prepared as at 1 May 2020. This note explains the principles used by the Group in preparing these IFRS consolidated financial statements

Leases

In accordance with the provisions in IFRS 1, HiFi Klubben has adopted IFRS 16 Leases as of 1 May 2020. With the adoption of IFRS 16, the liabilities were measured at the present value of the remaining lease payments as at the transition date using the incremental borrowing rates of 1 May 2020. The weighted average incremental borrowing rate applied was 0,7%. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. As of 1 May 2020, lease liabilities and right-of-use assets of DKK 207,510 thousands were recognised in the balance sheet. In the cash flow statement, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities. For 2020/21, the principle element of lease payments amounted to DKK 41,078 thousands.

Share-based Payment

HiFi Klubben has furthermore adopted IFRS 2 as of 1 May 2020. The adoption has not affected the equity as of 30 April 2021 and 30 April 2022, There are furthermore no impact on cash flows. HiFi Klubben do not hold any shares to cover the incentive programs, as share options exercised under the programs will not influence the Group's cash position in the future as the purchase of the shares are between the holders and parent companies.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The group has applied the following exemptions. Cumulative currency translation differences for subsidiaries with a functional currency different from DKK are deemed to be zero as at 1 May 2020.

The group has used the following exemptions in respect of IFRS 16 Leases:

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 May 2020. Right-of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.
- The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on a straight-line basis over the lease term.
- The group assessed all contracts existing at 1 May 2020 to determine whether a contract contains a lease based upon the conditions in place as at 1 May 2020.
- The group used hindsight in determining the lease term for contracts containing options to extend or terminate the lease.

Initial direct costs have been excluded from the measurement of the right-of-use asset at 1 May 2020

PARENT COMPANY FINANCIAL STATEMENT

HIFI KLUBBEN A/S

PARENT COMPANY FINANCIAL STATEMENTS – HIFI KLUBBEN A/S

PARENT COMPANY INCOME STATEMENT

1 May - 30 April

DKK 1,000	Note	2020/21	2021/22
Other external costs		0	-685
Operating Profit (EBIT)		**0**	**-685**
Profit from investments in subsidiaries		75,000	115,000
Profit before tax		**75,000**	**114,315**
Tax on profit for the year	4	0	135
Profit for the year		**75,000**	**114,450**

PARENT COMPANY ASSETS AT 30 APRIL

DKK 1,000	Note	2021	2022
Investments in subsidiaries	5	166,897	166,897
Non-current assets		**166,897**	**166,897**
Income tax		0	135
Current assets		**0**	**135**
Assets		**166,897**	**167,032**

PARENT COMPANY EQUITY AND LIABILITIES AT 30 APRIL

DKK 1,000	Note	2021	2022
Share capital		50,000	50,000
Share premium account		116,897	0
Retained earnings		0	116,347
Equity	**6**	**166,897**	**166,347**
Payables to group enterprises		0	385
Trade payables		0	300
Current liabilities		**0**	**685**
Equity and liabilities		**166,897**	**167,032**

Note	
1	Accounting policies
2	Accounting estimates and judgements
3	Staff costs
7	Contingent liabilities and security
8	Related party disclosures
9	Remuneration to executive board and board of directors
10	Recommended appropriation of profit

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Accounting policies

The separate financial statements of the parent company are incorporated in the annual report because the Danish Financial Statements Act requires separate parent company financial statements.

The financial statements of the parent company are prepared in accordance with the Danish Financial Statements Act.

Description of accounting policies

Basis of preparation

The Parent company financial statements for 2021/22 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large enterprises of reporting class C.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the note to the Consolidated Financial Statements of HiFi Klubben A/S on the fee to the auditors appointed at the annual general meeting, the Company has omitted to prepare disclosure in the notes of fee to the auditor appointed by the general meeting.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000). Figures are rounded to the nearest DKK thousand, unless otherwise stated.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration etc.

Profit from investments in subsidiaries

The item includes dividends from investments in subsidiaries and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted. The item includes dividend received from subsidiaries.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its group entities are jointly taxed. The total income tax charge is allocated between profit/loss making entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Note 1 - Accounting policies, continued

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write down is made to such lower value.

Impairment testing of non-current assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Equity

Treasury shares Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior year taxes and tax paid on account. Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively. Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Note 2 - Accounting estimates and judgements

Estimation uncertainty

The determination of the carrying amount of certain assets and liabilities requires estimates as to how future events will affect the value of such assets and liabilities at the date of the statement of financial position. Estimates material to the parent company's financial reporting are made, inter alia, by reviewing investments in subsidiaries for impairment.

The estimates used are based on assumptions which Management believes to be reliable, but which are inherently subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Company is subject to risks and uncertainties that may cause the actual results to differ from these estimates. The financial risks affecting the HiFi Klubben Group are described in note 19 to the consolidated financial statements.

The notes to the financial statements comprise disclosures on assumptions of future events and other estimation uncertainties at the date of the statement of financial position involving a considerable risk of changes that could lead to a material adjustment of the carrying amount of assets or liabilities in the coming financial year.

Note 3 - Staff costs

Average number of employees: 0 FTEs in 2021/22 (2020/21: 0 FTE)

Note 4 - Tax

DKK 1,000	2020/21	2021/22
Estimated tax charge for the year	0	135
Total	**0**	**135**

Note 5 - Investments in subsidiaries

DKK 1,000	2021	2022
Cost at 1 May	0	166,897
Contribution at 1 May	166,897	0
Additions during the year	0	0
Disposals during the year	0	0
Carrying amount at 30 April	**166,897**	**166,897**

The HiFi Klubben Group consists of a number of independent public limited companies. In the case of internal trading, which has a significant scope, or when a company performs work for another company, settlement takes place on market-based terms or on a cost-covering basis. The trading conditions are documented by written agreements, unless these are immaterial transactions.

The group consists of the following companies:

HiFi Klubben A/S, Denmark	Audionord International A/S, Denmark	100%
	– HiFi Klubben Danmark A/S, Denmark	100%
	– HiFi Klubben Sverige AB, Sweden	100%
	– HiFi Klubben AS, Norway	100%
	– HiFi Klubben Netherlands B.V., Netherlands	100%
	– HiFi Klubben Deutschland GmbH, Germany	100%
	Nordic Hi-Fi A/S, Denmark	100%

Note 6 - Equity

Share capital

The nominal value of the share capital is DKK 50,000,000 divided into shares of DKK 10, equivalent to 5,000,000 shares and 5,000,000 votes. The shares are not divided into share classes.

Capital structure

The Company regularly assesses the need for adjustment of the capital structure. The capital is managed for the Group as a whole. The ratio of equity to total equity and liabilities was 99.6% at 30 April 2022 (30 April 2021: 100%).

Note 7 - Contingent liabilities and security

Contingent liabilities

The Group enterprises are jointly and severally liable for tax on the jointly international taxed income etc. of the Lyngdorf Familie Group. The total accrued corporation tax is disclosed in the Annual Report of Lyngdorf Familie Holding ApS, which is the management company under the joint taxation. Moreover, the group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Guaranties

DKK 1,000	2021	2022
30 April		
Guarantees regarding subsidiaries' rent obligations	4,860	912

Note - 8 Related party disclosures

The Group has registered the following shareholders with 5% or more equity interest:

- ANI Holding A/S, Dali Alle 1, DK-9610 Nørager 97.5%.

The Company is included in the Group Annual Report of the ultimate Parent Company Lyngdorf Familie Holding ApS, CVR-nr. 38 64 09 09, Aarhus, Denmark. The Group Annual Report may be obtained at the following address: Lyngdorf Familie Holding ApS, Hørhavevej 66A, DK-8270 Højbjerg, Denmark.

Peter Lyngdorf is Primary shareholder through ownership in Lyngdorf Familie Holding ApS

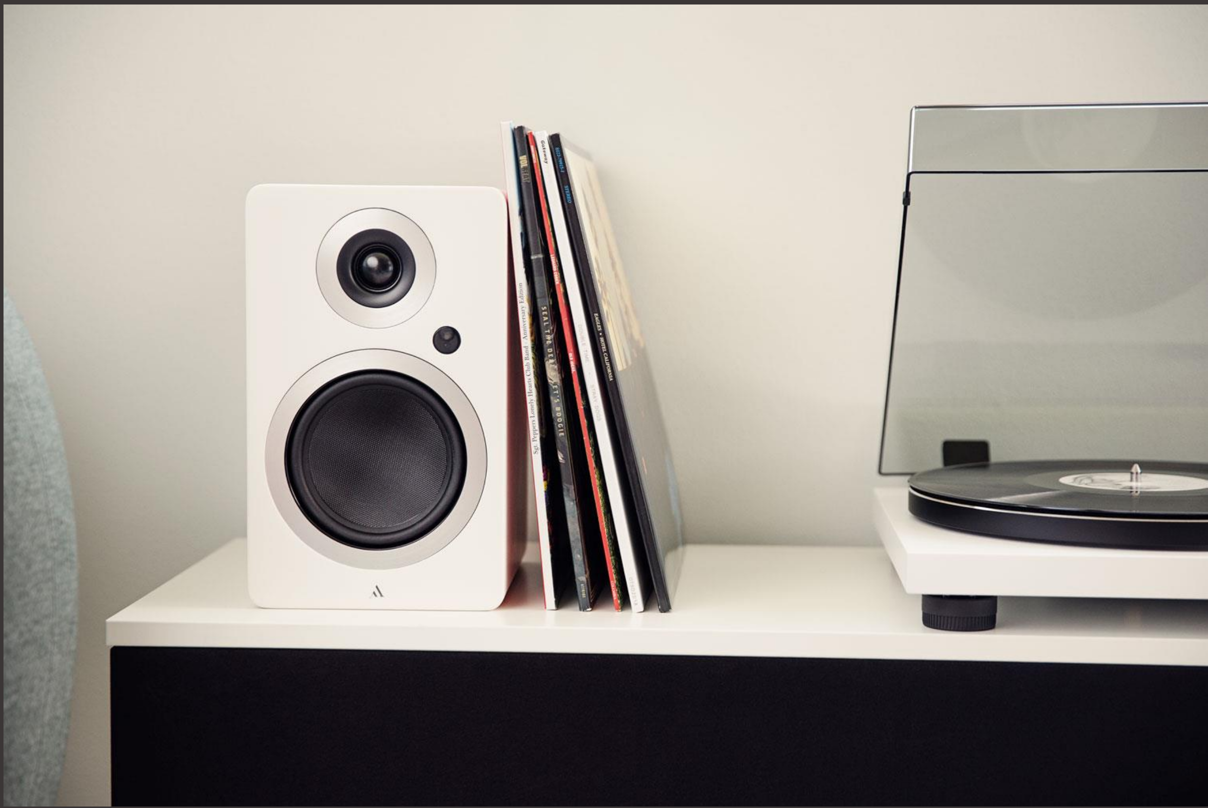
The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions have occurred.

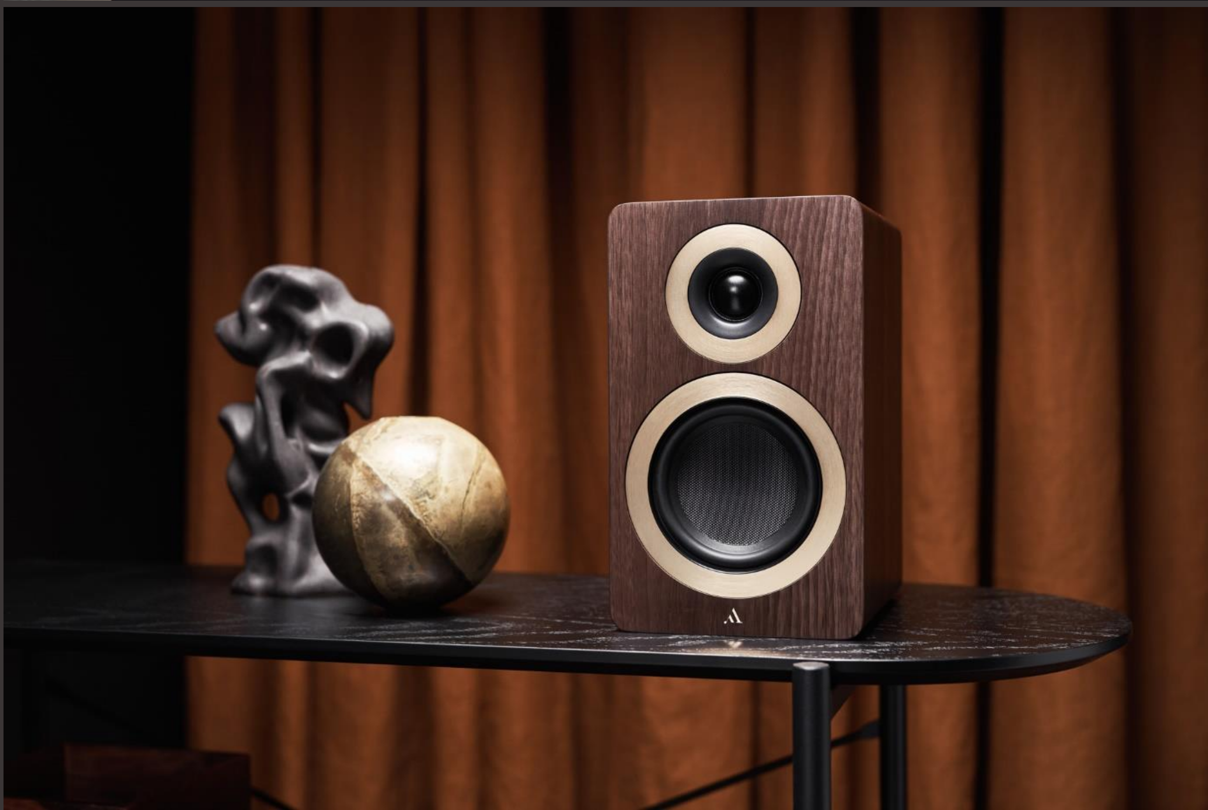
Note - 9 Remuneration to executive board and board of directors

Refer to note 5 of the consolidated financial statements for disclosure of remuneration to Executive Management and Board of Directors.

Note - 10 Recommended appropriation of profit

DKK 1,000	2020/21	2021/22
Interim dividend paid out	75,000	115,000
Proposed dividend to be paid out	0	0
Retained earnings	0	-550
Total	**75,000**	**114,450**





HiFi Klubben A/S

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