
Soundboks ApS

Esromgade 15, 1. 1., DK-2200 København N

Annual Report for 2024

CVR No. 36 45 75 97

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2025

Michael Winther
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Soundboks ApS for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations and cash flows for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen N, 30 June 2025

Executive Board

Jesper Theil Thomsen

Christoffer Nyvold

Board of Directors

Tue Manton
Chairman

Jacob Christian Nielsen Thygesen Christoffer Nyvold
Vice chairman

Jesper Theil Thomsen

Christian Lindegaard Jepsen

Independent Auditor's report

To the shareholder of Soundboks ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Soundboks ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the 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 Company 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 Financial Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Oliver Svane

State Authorised Public Accountant

mne49837

Company information

The Company

Soundboks ApS
Esromgade 15, 1. 1.
DK-2200 København N

CVR No: 36 45 75 97
Financial period: 1 January - 31 December
Incorporated: 5 December 2014
Financial year: 10th financial year
Municipality of reg. office: Copenhagen

Board of Directors

Tue Mantoni, chairman
Jacob Christian Nielsen Thygesen, vice chairman
Christoffer Nyvold
Jesper Theil Thomsen
Christian Lindegaard Jepsen

Executive Board

Jesper Theil Thomsen
Christoffer Nyvold

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	46,143	53,840	27,006	49,079	29,567
EBITDA	-5,790	-2,316	-25,765	14,392	2,270
Profit/loss of primary operations	-21,363	-15,578	-34,365	9,431	-2,141
Profit/loss of financial income and expenses	-6,431	-9,791	-10,114	-3,349	-1,891
Net profit/loss for the year	-32,288	-20,155	-33,754	5,544	-2,737
Balance sheet					
Balance sheet total	137,593	145,794	162,260	137,514	83,001
Investment in property, plant and equipment	143	465	1,259	2,160	489
Equity	12,994	42,643	17,066	34,820	14,276
Cash flows					
Cash flows from:					
- operating activities	4,593	4,706	-57,978	13,110	-2,873
- investing activities	-16,509	-19,691	-20,410	-18,448	-6,717
- financing activities	-2,216	24,997	17,881	30,750	34,940
Change in cash and cash equivalents for the year	-14,132	10,012	-60,507	25,413	25,350
Number of employees	77	85	91	60	50
Ratios					
Return on assets	-15.5%	-10.7%	-21.2%	6.9%	-2.6%
Solvency ratio	9.4%	29.2%	10.5%	25.3%	17.2%
Return on equity	-116.1%	-67.5%	-130.1%	22.6%	-33.6%

Explanation of financial ratios are disclosed in accounting policies - note 20.

Management's review

Key activities

The Company designs, develops and sells portable music systems for consumers as well as any related business.

Development in the year

The income statement of the Company for 2024 shows a loss of DKK 32,287,586, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 12,993,858.

Management considers the result unsatisfactory.

The result for the Company does not represent the activity of the combined Soundboks Group.

The past year and follow-up on development expectations from last year

Revenue declined 10% in 2024 related to the B2B channel where the largest retail partners reduced inventory levels despite stable sell-out vs. 2023. The D2C channel experienced positive revenue development. Demand for consumer electronic products remained at a low level in the Company's core markets, reflecting the macroeconomic conditions.

The 2024 EBITDA of DKK -5,8M is below the DKK 0-10M EBITDA expected for the year. The lower result can be attributed to the decrease in revenue where little to no growth was expected.

Capital resources

At 31 December 2024 the Company's short term liabilities exceeds the Company's current assets, since the financial result for 2024 caused the Company to breach the covenants on the loan facilities. The breach of covenants increased the Company's short term liabilities with DKK 46.7 million. The covenant breach has been waived by the lender, why the DKK 46.7M is payable according to the original schedule from 2026 onwards.

The capital resources were strengthened in June 2025 through a DKK 13.6 million group contribution from the parent company.

Reference is made to note 1 in the Annual Report for further description of the Company's capital resources.

Management considers the capital resources available to the Company to be sufficient.

Special risks - operating risks and financial risks

The Company is only exposed to risks common for the industry.

Foreign exchange risks

Activities abroad cause net profit, cash flow and equity to be influenced by exchange rate developments and interest rate trends for a number of currencies. The company manages the cash flow related exchange rate risk through the use of financial instruments.

Targets and expectations for the year ahead

The Company expects consumer spending in its core markets will remain negatively affected by macroeconomic conditions. The recent uncertainty related to global trade policies is likely to further affect consumer sentiment and -spending.

Due to the uncertainty the Company expects unchanged or slightly declining revenue in 2025. EBITDA for the year is expected to improve to a level of 0-5M DKK.

Management's review

The expectations consider the additional costs the Company will face if US import tariffs remain at the levels announced by the US Administration in April 2025. The Company continues to monitor the development in order to decide on appropriate actions.

Research and development

During the year the Company has incurred considerable research and development costs relating primarily to expansion of the hardware product portfolio. The investments are made to support future growth and to strengthen the Company's market position in the coming years.

External environment

The Company focuses on raw materials and energy being optimally utilized, preventing pollution and recycling and minimizing waste where possible.

In 2022, the Company completed the review of its environmental footprint and is using the learnings to identify further opportunities for improvement.

Intellectual capital resources

The Company has built strong capabilities in technical speaker system design, user experience optimization and brand development, which are considered competitive advantages. The Company continuously invests in developing these competencies, and processes and systems are in place to ensure knowledge is retained in the Company. In addition, the Company works with external specialists to contract subject matter expertise in certain functional areas.

Uncertainty relating to recognition and measurement

Deferred tax asset is recognised with DKK 9.9M in the balance sheet. The deferred tax asset was in 2024 written down by 5.9M based on updated expectations for future earnings. The valuation of the deferred tax asset is based on expected positive earnings within the next 5 years. The valuation hereof is thus affected by uncertainty. For more information on this, please refer to note 2.

Unusual events

The financial position of the Company at 31 December 2024 and the results of the activities and cash flows of the Company for the financial year 2024 are affected by settlement of a tax dispute concerning application of the tax treaties between the United States and Denmark on income taxes. The effect on the Company's result is DKK -0,6M.

Subsequent events

The Company in June 2025 completed a 13.6 MDKK capital increase.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit		46,142,708	53,839,998
Staff expenses	4	-51,933,050	-56,156,479
Earnings Before Interest Taxes Depreciation and Amortisation		-5,790,342	-2,316,481
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-15,572,602	-13,261,663
Profit/loss before financial income and expenses		-21,362,944	-15,578,144
Income from investments in subsidiaries		136,474	0
Financial income		1,568,749	78,145
Financial expenses	5	-8,135,996	-9,869,125
Profit/loss before tax		-27,793,717	-25,369,124
Tax on profit/loss for the year	6	-4,493,869	5,213,927
Net profit/loss for the year	7	-32,287,586	-20,155,197

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		9,745,453	13,534,734
Acquired licenses		0	0
Development projects in progress		22,668,562	16,684,557
Software		5,198,391	6,046,408
Intangible assets	8	37,612,406	36,265,699
Other fixtures and fittings, tools and equipment		781,126	1,395,972
Leasehold improvements		183,448	198,679
Property, plant and equipment	9	964,574	1,594,651
Investments in subsidiaries	10	0	200,000
Deposits	11	1,350,970	1,132,288
Fixed asset investments		1,350,970	1,332,288
Fixed assets		39,927,950	39,192,638
Finished goods and goods for resale		48,084,737	56,903,135
Inventories		48,084,737	56,903,135
Trade receivables		9,370,567	14,074,458
Receivables from group enterprises		0	382,360
Other receivables	12	3,464,008	862,170
Deferred tax asset	13	9,939,290	16,613,022
Corporation tax		1,435,768	1,002,270
Prepayments	14	10,977,512	10,975,080
Receivables		35,187,145	43,909,360
Cash at bank and in hand		14,393,002	5,788,485
Current assets		97,664,884	106,600,980
Assets		137,592,834	145,793,618

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		182,489	182,489
Reserve for development costs		25,282,932	23,571,047
Reserve for hedging transactions		1,880,962	-757,198
Retained earnings		-14,352,525	19,646,946
Equity		12,993,858	42,643,284
Other payables		2,133,233	54,077,349
Long-term debt	15	2,133,233	54,077,349
Credit institutions		22,887,145	149,979
Trade payables		22,743,605	15,011,436
Payables to group enterprises		6,359,244	407,537
Other payables	15,12	70,475,749	33,504,033
Short-term debt		122,465,743	49,072,985
Debt		124,598,976	103,150,334
Liabilities and equity		137,592,834	145,793,618
Capital resources	1		
Uncertainty relating to recognition and measurement	2		
Subsequent events	3		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Accounting Policies	20		

Statement of changes in equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	182,489	23,571,047	-757,198	19,646,946	42,643,284
Fair value adjustment of hedging instruments, end of year	0	0	3,382,256	0	3,382,256
Tax on adjustment of hedging instruments for the year	0	0	-744,096	0	-744,096
Development costs for the year	0	8,812,548	0	-8,812,548	0
Depreciation, amortisation and impairment for the year	0	-7,100,663	0	7,100,663	0
Net profit/loss for the year	0	0	0	-32,287,586	-32,287,586
Equity at 31 December	182,489	25,282,932	1,880,962	-14,352,525	12,993,858

Cash flow statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Result of the year		-32,287,586	-20,155,197
Adjustments	16	26,452,543	17,844,397
Change in working capital	17	14,945,041	10,447,912
Cash flow from operations before financial items		9,109,998	8,137,112
Financial income		1,568,749	78,145
Financial expenses		-7,088,164	-4,939,892
Cash flows from ordinary activities		3,590,583	3,275,365
Corporation tax paid		1,002,268	1,430,964
Cash flows from operating activities		4,592,851	4,706,329
Purchase of property, plant and equipment		-143,184	-465,283
Fixed asset investments made etc		-254,682	-230,793
Sale of fixed asset investments made etc		36,000	37,250
Work on own account recognised in assets		-12,492,766	-15,920,285
Purchase of intangible assets		-3,654,467	-3,112,220
Cash flows from investing activities		-16,509,099	-19,691,331
Repayment of payables to group enterprises		0	-5,402,529
Repayment of other long-term debt		-8,958,005	-2,600,213
Raising of payables to group enterprises		6,741,604	0
Cash capital increase		0	33,000,000
Cash flows from financing activities		-2,216,401	24,997,258
Change in cash and cash equivalents		-14,132,649	10,012,256
Cash and cash equivalents at 1 January		5,638,506	-4,373,750
Cash and cash equivalents at 31 December		-8,494,143	5,638,506
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		14,393,002	5,788,485
Overdraft facility		-22,887,145	-149,979
Cash and cash equivalents at 31 December		-8,494,143	5,638,506

Notes to the Financial Statements

1. Capital resources

In 2024, the Company has realised a negative result of DKK 32.3 million and on 31 December 2024 the Company's current assets amount DKK 97.7 million while the short-term debt amounts DKK 122.5 million.

The financial result for 2024 caused the Company to breach the covenants on the loan facilities why all loans are classified as short-term in the balance sheet. The covenant breach has been waived by the lender, why DKK 46.7 million is payable according to the original schedule from 2026 onwards.

In 2025, the Company has initiated several initiatives to improve its financial position and capital resources. Further to Company's capital resources was strengthened in June 2025 through a DKK 13.6 million group contribution from the Parent Company.

Based on this management has prepared a budget for 2025 showing sufficient liquidity throughout 2025, ensuring the Company will be able to settle its obligations as they fall due.

Management considers the capital resources available to the Company to be sufficient why the Annual Report is prepared as going concern.

2. Uncertainty relating to recognition and measurement

When preparing an annual account, the management makes a series of accounting choices and estimates that form the basis for the recognition and measurement of the company's assets and liabilities as well as income and expenses. The estimates made are based on historical experience and other factors which management deems reasonable under the circumstances, but which are inherently uncertain or unpredictable. The forecasts may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may lead to actual outcomes deviating from these estimates. This means that estimates can be subject to considerable uncertainty.

Deferred tax asset

Deferred tax asset is recognised with DKK 9.9 million in the balance sheet. The valuation of the deferred tax asset is based on expected positive earnings within the next 5 years. The valuation hereof is thus affected by uncertainty.

3. Subsequent events

The Company in June 2025 completed a 13.6 MDKK capital increase.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

	2024	2023
	DKK	DKK
4. Staff expenses		
Wages and salaries	46,538,153	50,342,962
Pensions	2,961,503	3,031,739
Other social security expenses	918,329	1,181,301
Other staff expenses	1,515,065	1,600,477
	51,933,050	56,156,479
 Including remuneration to the Executive Board	 2,095,277	 1,773,106
 Average number of employees	 77	 85

Remuneration to the Executive Board has not been disclosed for comparative figures in accordance with section 98 B(3) of the Danish Financial Statements Act.

Share-based payment

The Group has invited key employees and members of the board of directors of the group companies to acquire shares in the Parent Company. The participants cannot freely dispose over the shares until the occurrence of an exit event.

The Parent Company is furthermore the settling entity and the transaction is thus accounted for as an equity-settled programme.

	2024	2023
	DKK	DKK
5. Financial expenses		
Interest to group enterprises	28,007	549,339
Other financial expenses	8,107,989	8,999,093
Exchange loss	0	320,693
	8,135,996	9,869,125

Notes to the Financial Statements

	2024	2023
	DKK	DKK
6. Income tax expense		
Current tax for the year	-1,435,768	-1,002,268
Deferred tax for the year	6,673,733	-4,915,572
Adjustment of tax concerning previous years	0	490,345
	<u>5,237,965</u>	<u>-5,427,495</u>
thus distributed:		
Income tax expense	4,493,869	-5,213,927
Tax on equity movements	744,096	-213,568
	<u>5,237,965</u>	<u>-5,427,495</u>
	2024	2023
	DKK	DKK
7. Profit allocation		
Retained earnings	-32,287,586	-20,155,197
	<u>-32,287,586</u>	<u>-20,155,197</u>

Notes to the Financial Statements

8. Intangible fixed assets

	Completed development projects	Acquired licenses	Develop- ment projects in progress	Software
	DKK	DKK	DKK	DKK
Cost at 1 January	36,927,824	59,650	16,684,557	19,826,625
Additions for the year	2,121,517	0	9,176,621	4,849,095
Transfers for the year	3,192,616	0	-3,192,616	0
Cost at 31 December	42,241,957	59,650	22,668,562	24,675,720
Impairment losses and amortisation at 1 January	23,393,090	59,650	0	13,780,217
Amortisation for the year	9,103,414	0	0	5,697,112
Impairment losses and amortisation at 31 December	32,496,504	59,650	0	19,477,329
Carrying amount at 31 December	9,745,453	0	22,668,562	5,198,391
Amortised over	3 years	5 years		2 years

Development projects relate to the development of new versions of the Company's existing products and new products. The development was progressing according to plan through the use of the resources allocated by Management to the development. The products is expected to be sold in the present market to the Company's existing customers. Prior to the initiation of the projects, the Company inquired of its customers as to the need for an updated product, which was well received.

Notes to the Financial Statements

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	4,494,601	654,458
Additions for the year	111,184	32,000
Disposals for the year	-16,856	0
Cost at 31 December	4,588,929	686,458
Impairment losses and depreciation at 1 January	3,098,629	455,779
Depreciation for the year	724,845	47,231
Reversal of impairment and depreciation of sold assets	-15,671	0
Impairment losses and depreciation at 31 December	3,807,803	503,010
Carrying amount at 31 December	781,126	183,448
Amortised over	3-5 years	5 years

10. Investments in subsidiaries

	2024	2023
	DKK	DKK
Cost at 1 January	200,000	200,000
Disposals for the year	-200,000	0
Cost at 31 December	0	200,000
Carrying amount at 31 December	0	200,000

11. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	1,132,288
Additions for the year	254,682
Disposals for the year	-36,000
Cost at 31 December	1,350,970
Carrying amount at 31 December	1,350,970

Notes to the Financial Statements

	2024	2023
	DKK	DKK
12. Derivative financial instruments		
Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Assets	2,411,490	0
Liabilities	0	970,766

Forward exchange contracts have been concluded to hedge future inventory in USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 2,411,490. The forward exchange contracts have a term of 1 year.

	Value adjustment, equity	Fair value at 31 December
	DKK	DKK
Forward exchange contracts	3,382,256	2,411,490

	2024	2023
	DKK	DKK
13. Deferred tax asset		
Deferred tax asset at 1 January	16,613,022	11,697,450
Amounts recognised in the income statement for the year	-5,929,637	4,915,572
Amounts recognised in equity for the year	-744,095	0
Deferred tax asset at 31 December	9,939,290	16,613,022

The recognised tax asset primarily comprises timing differences relating to intangible assets, property, plant and equipment and tax losses carried forward. In the years ahead, the Company expect to realise the recognised deferred tax asset; on that basis, the asset has been recognised at 31 December 2024.

14. Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

Notes to the Financial Statements

	2024	2023
	DKK	DKK
15. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Other payables		
After 5 years	0	5,045,951
Between 1 and 5 years	2,133,233	49,031,398
Long-term part	2,133,233	54,077,349
Other short-term payables	70,475,749	33,504,033
	72,608,982	87,581,382
	2024	2023
	DKK	DKK
16. Cash flow statement - Adjustments		
Financial income	-1,568,749	-78,145
Financial expenses	8,135,996	9,869,125
Depreciation, amortisation and impairment losses, including losses and gains on sales	15,572,602	13,261,663
Income from investments in subsidiaries	-136,474	0
Tax on profit/loss for the year	4,493,869	-5,213,927
Other adjustments	-44,701	5,681
	26,452,543	17,844,397
	2024	2023
	DKK	DKK
17. Cash flow statement - Change in working capital		
Change in inventories	8,818,398	23,057,254
Change in receivables	2,481,981	-5,763,750
Change in trade payables, etc	262,406	-5,874,826
Fair value adjustments of hedging instruments	3,382,256	-970,766
	14,945,041	10,447,912

Notes to the Financial Statements

	2024	2023
	DKK	DKK
18. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
As security for Danmark Eksport- og Investeringsfond the Company has pledged a floating charge amounting to DKK 45.600.000 secured in intangible- and tangible assets, inventory and receivables.		
As security for Danske Bank the Company has pledged a floating charge amounting to DKK 39.200.000 secured in intangible- and tangible assets, inventory and receivables.		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,004,185	1,147,012
	<u>1,004,185</u>	<u>1,147,012</u>

19. Related parties

	Basis
Controlling interest	
Soundboks Inc.	Parent Company

Transactions

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)(6) of the Danish Financial Statements Act.

There have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Soundboks ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Notes to the Financial Statements

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

Other intangible fixed assets

Licences and software are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use. Licences are amortised over the licence period, however not exceeding 5 years. Software is amortised over the expected lifetime, however not exceeding 2 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Notes to the Financial Statements

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses regarding subsequent financial reporting years.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$