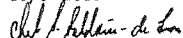

MUSIC Group Commercial DK A/S

Sindalsvej 34, DK-8240 Risskov

Annual Report for 1 July 2014 - 31 December 2015

CVR No 12 90 07 32

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
16/6 2016


Cheryl Saldana-De Leon
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MUSIC Group Commercial DKA/S for the financial year 1 July 2014 - 31 December 2015.

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

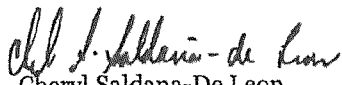
In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2015 of the Company and of the results of the Company operations for 2014/15.

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

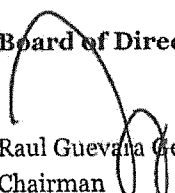
We recommend that the Annual Report be adopted at the Annual General Meeting.

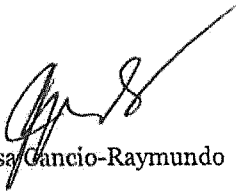
Risskov, 16 June 2016

Executive Board


Cheryl Saldana-De Leon
CEO

Board of Directors


Raul Guevara Cerodias
Chairman


Vanessa Cancio-Raymundo


Cheryl Saldana-De Leon

Betina Annettes Tønnes
Staff Representative

Thomas Uhrenholt Vestergaard
Staff Representative

Independent Auditor's Report on the Financial Statements

To the Shareholder of MUSIC Group Commercial DK A/S

Report on the Financial Statements

We have audited the Financial Statements of MUSIC Group Commercial DK A/S for the financial year 1 July 2014 - 31 December 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2015 and of the results of the Company operations for the financial year 1 July 2014 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Statement on Management's Review

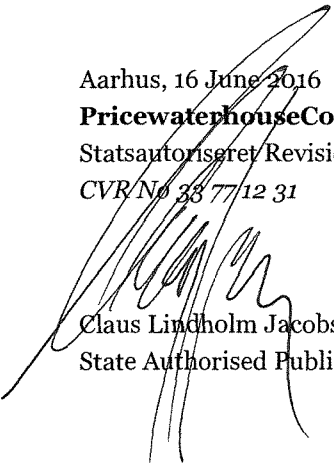
We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Aarhus, 16 June 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33 77 12 31



Claus Lindholm Jacobsen

State Authorised Public Accountant



Claus Lyngsø Sørensen

Claus Lyngsø Sørensen

State Authorised Public Accountant

Company Information

The Company

MUSIC Group Commercial DK A/S
Sindalsvej 34
DK-8240 Risskov

Telephone: + 45 87 42 70 00

Facsimile: + 45 87 42 70 10

Website: www.music-group.com

CVR No: 12 90 07 32

Financial period: 1 July 2014 - 31 December 2015

Municipality of reg. office: Aarhus

Board of Directors

Raul Guevara Gerodias, Chairman
Vanessa Cancio-Raymundo
Cheryl Saldana-De Leon
Betina Annettes Tønnes
Thomas Uhrenholt Vestergaard

Executive Board

Cheryl Saldana-De Leon

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Bankers

Danske Bank

Financial Highlights

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

	2014/15	2013/14	2012/13	2011/12	2010/11
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	74,754	38,178	46,240	46,210	47,985
Operating profit/loss	19,071	-1,977	3,970	5,434	12,260
Net financials	5,196	1,374	4,273	7,392	3,951
Profit/loss from extraordinary items	0	0	8,243	12,826	16,211
Net profit/loss for the year	18,549	-875	6,372	9,629	12,231
Balance sheet					
Balance sheet total	139,087	109,623	101,312	134,376	132,621
Equity	46,602	28,053	48,910	52,171	42,548
Investment in property, plant and equipment	45	0	13	170	15
Number of employees	53	53	56	48	47
Ratios					
Return on assets	13,7%	-1,8%	3,9%	4,0%	9,2%
Solvency ratio	33,5%	25,6%	48,3%	38,8%	32,1%
Return on equity	49,7%	-2,3%	12,6%	20,3%	33,3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The financial year 2014/15 is extended to 18 months due to change of Balance Sheet date to 31 December. The reason is alignment of the Balance Sheet date to the new Parent Company, MUSIC Group Limited.

Other years presented contain a 12 month's period.

Management's Review

Main activity

MUSIC Group Commercial DK A/S sells and distributes products for the professional audio market.

The Company has entered into sales and distribution agreements with the affiliated subsidiaries: MUSIC Group Innovation DK A/S, MUSIC Group Innovation SC Ltd., MUSIC Group Innovation SE AB and MUSIC Group Innovation CA Inc.

The primary geographical markets are Europe and Asia.

Development in the year

The income statement of the Company for 2014/15 shows a profit of DKK 19 million, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 47 million.

In light of the Company's expectations for the operating results for the year, the operating results achieved are regarded as satisfactory.

Subsidiaries

The Company's subsidiaries have had no activity in the year.

Special risks

Foreign exchange risks

Almost all sales are invoiced in foreign currencies which mainly relates to USD and EUR.

In accordance with The TC Group A/S's strategy in this area, the Company is on a current basis seeking, to the extent possible, to participate in The TC Group's matching currencies against purchase and cost currencies.

Credit risks

The most material credit risk relates to the Company's trade receivables.

The Company performs individual customer credit ratings on a current basis. No individual customer constitutes a major part of the Company's total sales.

Liquidity risks

The Company's necessary cash resources are ensured through the cooperation with The TC Group A/S's finance function.

Management's Review

Environmental

The Company's activities are not assessed to have adverse environmental impact regards noise, smoke, discharge of waste and massive use of energy.

Outlook

The Company expects to maintain earnings next year.

Subsequent events

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

Income Statement

1 July 2014 - 31 December 2015

	Note	2014/15 kDKK	2013/14 (12 Months) kDKK
Gross profit/loss		74,754	38,178
Distribution expenses		-44,839	-34,139
Administrative expenses		-10,844	-6,016
Operating profit/loss		19,071	-1,977
Income from investments in subsidiaries		-65	-187
Financial income	2	5,970	2,718
Financial expenses		-709	-1,157
Profit/loss before tax		24,267	-603
Tax on profit/loss for the year	3	-5,718	-272
Net profit/loss for the year		18,549	-875

Distribution of profit

Proposed distribution of profit

Retained earnings		18,549	-875
		18,549	-875

Balance Sheet at 31 December 2015

Assets

	Note	2015 kDKK	30 June 2014 kDKK
Software		2	8
Intangible assets	4	2	8
Plant and machinery		23	48
Other fixtures and fittings, tools and equipment		17	11
Property, plant and equipment	5	40	59
Investments in subsidiaries	6	17,768	17,856
Deposits		0	196
Fixed asset investments		17,768	18,052
Fixed assets		17,810	18,119
Trade receivables		36,889	62,469
Receivables from group enterprises		61,603	27,622
Other receivables		778	154
Deferred tax asset		290	502
Prepayments		49	32
Receivables		99,609	90,779
Værdipapirer		31	31
Cash at bank and in hand		21,637	694
Currents assets		121,277	91,504
Assets		139,087	109,623

Balance Sheet at 31 December 2015

Liabilities and equity

	Note	2015 kDKK	30 June 2014 kDKK
Share capital		3,081	3,081
Retained earnings		43,521	24,972
Equity	7	46,602	28,053
Credit institutions		0	4,623
Trade payables		1,071	1,733
Payables to group enterprises		77,566	65,554
Corporation tax		7,543	2,036
Other payables		6,305	7,624
Short-term debt		92,485	81,570
Debt		92,485	81,570
Liabilities and equity		139,087	109,623
Staff	1		
Contingent assets, liabilities and other financial obligations	8		
Related parties and ownership	9		

Notes to the Financial Statements

	2014/15 kDKK	2013/14 (12 Months) kDKK
1 Staff		
Wages and Salaries	29,817	19,594
Pensions	966	556
Other social security expenses	2,125	1,927
Other staff expenses	946	1,991
	<u>33,854</u>	<u>24,068</u>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Distribution expenses	32,700	23,254
Administrative expenses	1,154	814
	<u>33,854</u>	<u>24,068</u>
including remuneration to the Supervisory Board	<u>0</u>	<u>18</u>
Average number of employees	<u>53</u>	<u>53</u>
2 Financial income		
Interest received from group enterprises	3,094	2,092
Other financial income	256	74
Exchange gains	2,620	552
	<u>5,970</u>	<u>2,718</u>
3 Tax on profit/loss for the year		
Current tax for the year	5,507	130
Deferred tax for the year	211	-33
Adjustment of tax concerning previous years	0	175
	<u>5,718</u>	<u>272</u>

Notes to the Financial Statements

4 Intangible assets

	Software kDKK
Cost at 1 July 2014	13
Cost at 31 December 2015	13
Impairment losses and amortisation at 1 July 2014	5
Amortisation for the year	6
Impairment losses and amortisation at 31 December 2015	11
Carrying amount at 31 December 2015	2

5 Property, plant and equipment

	Plant and machinery kDKK	Other fixtures and fittings, tools and equipment kDKK
Cost at 1 July 2014	246	12
Additions for the year	30	15
Cost at 31 December 2015	276	27
Impairment losses and depreciation at 1 July 2014	198	1
Depreciation for the year	55	9
Impairment losses and depreciation at 31 December 2015	253	10
Carrying amount at 31 December 2015	23	17
Depreciated over	5 years	3-5 years
	2014/15 kDKK	2013/14 (12 Months) kDKK
Depreciation and impairment of property, plant and equipment are recognised in the following items:		
Distribution expenses	64	85
	64	85

Notes to the Financial Statements

	2015 kDKK	30 June 2014 kDKK
6 Investments in subsidiaries		
Cost at 1 July 2014	21,622	21,622
Cost at 31 December 2015	21,622	21,622
Value adjustments at 1 July 2014	-3,766	-3,597
Exchange adjustment	-23	18
Net profit/loss for the year	-65	-187
Value adjustments at 31 December 2015	-3,854	-3,766
Carrying amount at 31 December 2015	17,768	17,856

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
TC Works Soft- und Hardware GmbH	Tyskland	EUR 150.000	100%
TC Electronic Deutschland GmbH	Tyskland	EUR 26.000	100%

7 Equity

	Share capital kDKK	Retained earnings kDKK	Total kDKK
Equity at 1 July 2014	3,081	24,972	28,053
Net profit/loss for the year	0	18,549	18,549
Equity at 31 December 2015	3,081	43,521	46,602

The share capital consists of 3,081 shares of a nominal value of kDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	2015 kDKK	30 June 2014 kDKK
8 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	246	1,009
Between 1 and 5 years	120	883
	<u>366</u>	<u>1,892</u>

Contingent liabilities

The Company is jointly and severally liable for corporate income tax according to the Danish joint taxation in the group.

9 Related parties and ownership

Basis

Controlling interest

The TC Group A/S
MUSIC Group Limited, Bermuda
DTOS Trustees, Ltd., Mauritius

Controlling shareholder
Controlling shareholder of The TC group A/S
Controlling shareholder of MUSIC Group Limited

Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of The TC Group A/S.

Accounting Policies

Basis of Preparation

The Annual Report of MUSIC Group Commercial DK A/S for 2014/15 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 year 2014/15 is extended to 18 months due to the change of Balance Sheet date to 31 December. The reason is alignment of the Balance Sheet date to the new Parent Company, MUSIC Group Limited.

Financial Statements for 2014/15 are presented in kDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of , the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Accounting Policies

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

Income Statement

Gross profit/loss

With reference to section 81 and 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

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.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of tangible assets.

Accounting Policies

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses etc.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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.

The Company is jointly taxed with other Danish companies in the group. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 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:

Production buildings	5 years
Other buildings	3-5 years

Accounting Policies

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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 recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Accounting Policies

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 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.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Accounting Policies

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

Financial Highlights

Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$