



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 532 004
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: HARMAN PROFESSIONAL DENMARK
APS NUF
Forretningsadresse: Olof Palmes Alle 18
DK-8200 AARHUS N

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Marcus Allen
Dato for fastsettelse av årsregnskapet: 20.07.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.06.2022



Resultatregnskap

Beløp i: DKK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	218 049 000	131 092 000
Sum inntekter		218 049 000	131 092 000
Kostnader			
Production costs	16	27 777 000	18 318 000
Distribution costs	16	107 916 000	67 651 000
Administrative expenses	16	39 189 000	59 519 000
Sum kostnader		174 882 000	145 488 000
Driftsresultat		43 167 000	-14 396 000
Finansinntekter og finanskostnader			
Income/loss from investments in group enterprises		-2 241 000	2 133 000
Financial income		14 471 000	45 209 000
Sum finansinntekter		12 230 000	47 342 000
Financial expenses	5	3 533 000	8 607 000
Sum finanskostnader		3 533 000	8 607 000
Netto finans		8 697 000	38 735 000
Ordinært resultat før skattekostnad		51 864 000	24 339 000
Tax for the year	6	13 362 000	-2 054 000
Ordinært resultat etter skattekostnad		38 502 000	26 393 000
Årsresultat		38 502 000	26 393 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		38 502 000	26 393 000
Sum overføringer og disponeringer		38 502 000	26 393 000



Balanse

Beløp i: DKK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Completed development projects	7	11 695 000	9 771 000
Acquired licenses	7	11 000	30 000
Development projects in progress and prepayment for intangible assets	7	10 200 000	11 655 000
Sum immaterielle eiendeler		21 906 000	21 456 000
Varige driftsmidler			
Property		18 010 000	21 460 000
Maskiner og anlegg		5 913 000	373 000
Other fixtures and fittings, tools and equipment		28 033 000	40 032 000
Leasehold improvements		24 000	646 000
Sum varige driftsmidler	8	51 980 000	62 511 000
Finansielle anleggsmidler			
Investments in group companies	9		5 030 000
Investments in associates	9	503 000	503 000
Deposits		1 101 000	218 000
Sum finansielle anleggsmidler		1 604 000	5 751 000
Sum anleggsmidler		75 490 000	89 718 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables		882 000	883 000
Receivables from group companies		267 165 000	107 595 000
Other receivables		1 338 000	7 005 000
Prepayments	10	1 668 000	3 582 000
Deferred tax assets	10	2 411 000	10 964 000
Sum fordringer		273 464 000	130 029 000
Bankinnskudd, kontanter og lignende			



Balanse

Beløp i: DKK	Note	2020	2019
Cash		18 363 000	115 346 000
Sum bankinnskudd, kontanter og lignende		18 363 000	115 346 000
Sum omløpsmidler		291 827 000	245 375 000
SUM EIENDELER		367 317 000	335 093 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Share capital	12	260 000 000	260 000 000
Sum innskutt egenkapital		260 000 000	260 000 000

Opptjent egenkapital

Reserve for development cost	12	17 078 000	16 712 000
Retained earnings		13 062 000	-25 074 000
Sum opptjent egenkapital		30 140 000	-8 362 000

Sum egenkapital

290 140 000 **251 638 000**

Gjeld

Langsiktig gjeld

Annen langsiktig gjeld

Lease liabilities	14	15 764 000	18 366 000
Other payables	14		9 558 000
Trade payables		33 000	
Sum annen langsiktig gjeld		15 797 000	27 924 000

Sum langsiktig gjeld

15 797 000 **27 924 000**

Kortsiktig gjeld

Leverandørgjeld		10 195 000	9 824 000
Corporation tax payable	15	7 981 000	4 090 000
Lease liabilities	14	4 447 000	5 274 000
Payables to group enterprise		664 000	7 834 000
Other payables	14	36 983 000	28 466 000



Balanse

Beløp i: DKK	Note	2020	2019
Deferred income		1 110 000	43 000
Sum kortsiktig gjeld		61 380 000	55 531 000
Sum gjeld		77 177 000	83 455 000
SUM EGENKAPITAL OG GJELD		367 317 000	335 093 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 627610

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Brønnøysundregistrene, 18.08.2021



Organisasjonsnr: 915 532 004
HARMAN PROFESSIONAL DENMARK
APS NUF

RESULTATREGNSKAP

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NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
16

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	67992000.00	72246000.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	11910000.00	6843000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	4701000.00	11783000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	84603000.00	90872000.00

Note
16

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ytelser til daglig leder

<u>Ytelser</u>	<u>Lønn</u>	<u>Pensj.forpl.</u>	<u>Andre godtgj.</u>
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See note 16

See note 16

Note
16

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
126.00

Note



16

Obligatorisk tjenstepensjon

Er virksomheten pliktig til å ha tjenstepensjonsordning etter lov:

Ja

Oppfyller pensjonsordning lovkravene: Ja

Note

16

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei



Harman Professional Denmark ApS

Olof Palmes Alle 44, 8200 Aarhus N

CVR no. 11 80 57 44

Annual report

for the period 1 January 2020 - 31 December 2020

Approved at the Company's annual general meeting on 15 July 2021



Francis Edwin Rivera Espiritu
Chairman



Harman Professional Denmark ApS

Annual report 2020

Financial statements 1 January - 31 December 2020

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Harman Professional Denmark ApS

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Harman Professional Denmark ApS for the financial year 1 January 2020 - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend the annual report to be approved at the annual general meeting.

15 July 2021

Executive Board:

Marcus W. Kendrick Allen
Managing Director

Board of Directors:

Francis Edwin Rivera Espiritu
Chairman

Mark Hartje

John Stacey



Harman Professional Denmark ApS
Annual report 2020

Independent auditor's report

To the Shareholders of Harman Professional Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Harman Professional Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement 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.

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.



Harman Professional Denmark ApS
Annual report 2020

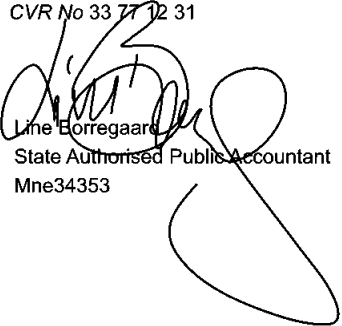
Independent auditor's report

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 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.

Aalborg, 15 July 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31


Line Borregaard
State Authorised Public Accountant
Mne34353



Harman Professional Denmark ApS
Annual report 2020

Management's review

Company details

Name	Harman Professional Denmark ApS
Address, Postal code, City	Olof Palmes Alle 44, 8200 Aarhus N
CVR no.	11 80 57 44
Established	1 July 1987
Registered office	Aarhus
Financial Year	1 January 2020 - 31 December 2020

Website:	www.harman.com
Email	aarhus.reception@harman.com

Telephone:	+45 25 35 57 36
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Board of Directors	Francis Edwin Rivera Espiritu Mark Hartje John Stacey Sandra Ehret Rowland (Resigned: 31 August 2020) Frank Georg Donald Groth (Resigned : 26 April 2021)
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Executive Board	Marcus W. Kendrick Allen Managing Director
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Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg CVR No 33 77 12 31
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Harman Professional Denmark ApS
Annual report 2020

Management's review

Financial highlights

DKK'000	2020 12 months	2019 12 months	2018 12 months	2016/17 18 months	2015/16 12 months
Key figures					
Revenue	218,049	245,228	1,037,350	1,716,416	1,302,493
Operating profit/loss	43,167	30,309	12,658	-59,579	109,753
Value adjustments of investments in group entities	-2,241	2,133	2,266	-31,444	54,064
Net financials	8,697	-5,970	-72,040	16,319	-4,058
Profit/loss before tax	51,864	24,339	-57,116	-61,702	138,249
Profit/loss for the year	38,502	26,393	-48,928	-58,741	-121,269
Fixed assets					
Fixed assets	75,490	89,717	99,516	182,053	315,391
Non-fixed assets	291,827	245,375	384,063	362,820	798,809
Balance sheet total	367,317	335,092	483,219	541,551	1,114,200
Equity	290,140	251,638	225,390	262,939	770,730
Current liabilities other than provisions	61,380	55,531	243,748	263,881	317,311
Cash flows					
Cash flows from operating activities	—	92,944	-6,546	402,094	224,487
Net cash flows from investing activities	—	-40,106	10,267	58,316	-48,040
Investment in property, plant and equipment	-13,746	-30,826	-14,559	-32,535	-7,272
Cash flows from financing activities	—	23,640	11,380	-503,888	0
Financial ratios					
Operating margin	19.8%	12.4%	1.2% [†]	-3.5%	8.4%
Solvency ratio	79.0%	75.1%	46.6%	48.6%	69.2%
Return on equity	14.2%	11.1%	-20.0%	-11.4%	17.1%
Average number of employees					
Average number of employees	126	125	155	228	272

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.



Harman Professional Denmark ApS
Annual report 2020

Management's review

Business review

Harman Professional Denmark's main activity consists of development, design, marketing and sales of intelligent lighting for the entertainment and experience industry.

Facts about Harman Professional Denmark

Harman Professional Denmark is based in Aarhus and is the world's largest and leading developer of computer-controlled power light. The Company also has significant business activity in video surveillance screens, controllers and smokers.

The company is part of the American Harman Group, and the ultimate group parent company Samsung Electronics Co. Ltd.

Harman Professional Denmark is the Harman Center of Competence in Dynamic Lighting Solutions, dedicated to the entertainment and entertainment industry across most of the globe.

Primary markets in North America, Europe and Asia.

Group overview



Harman Professional Denmark ApS has branches in Sweden and Norway.



Harman Professional Denmark ApS
Annual report 2020

Management's review

Financial review

The financial reporting period comprises 1 January 2020 to 31 December 2020, corresponding to 12 months.

In 2020 the Company reported revenue of 218 DKK million and 245 DKK million last year.

The income statement for 2020 shows a profit of 38.5 DKK million against a profit of 26.4 DKK million last year and on the balance sheet at 31 December 2020 shows an equity of 290 DKK million and 252 DKK million last year.

Management considers the Company's financial performance in the year to be satisfactory compared to the expectation in the Annual report for 2019 taking into consideration the changed business set up.

Significant change in operations and financial matters

During the financial year 2020, Martin Professional Pte in Singapore was liquidated with a loss of DKK 2,241K.

The COVID-19 outbreak is continuing to affect future development and/or risks that can affect future financial reporting. At this stage we are currently reviewing the impact from COVID-19 and still focusing on reducing costs until the business returns to normal. The business remains in financial good standing with the support of Samsung behind it and we expect things to return to normal through the 2021.

During the financial year 2020 and in terms of the business update Global lighting sales have been heavily impacted by COVID. For Professional, most of our products are sold into the hospitality and touring sectors which have been hardest hit so Global lighting sales and hence associated royalty to Harman Pro Denmark will have fallen. For Consumer Audio business have been impacted in several ways during 2020 caused by COVID-19. Most of our products experienced heavy delays in availability due to production outage and transport limitations from ASIA. Impact on the bottom line has been reduced through cost saving actions such as T&E freeze, hiring freeze etc.

A revenue restatement took place during the financial year 2020 where royalties were recognised in revenue and not in financial income as per prior years.

Unusual conditions that effect recognition and measurement

There are no unusual factors that have affected recognition and measurement of the company's results and status.

External environment

As we are a development and trading company, we believe that we do not directly affect the external environment.

Special risks

Due to its operation and investment, the company is exposed to changes in exchange rates and general operating risks in the industry. The company does not use any derivatives.



Harman Professional Denmark ApS
Annual report 2020

Management's review

Research and development activities

Harman Professional Denmark wants to be the leader in the market with new innovative products and therefore invests significant amounts in research and development with the aim of maintaining its strong range of products and keeping a competitive advantage compared to other lighting manufacturers. In order to achieve this goal, the company requires a highly skilled workforce. Therefore, an agreement has been entered into at group level regarding development of products.

During the financial year 2020, the company has conducted research and development activities that focus on research on new product technologies as well as the development of new products and maintenance of existing products. Research and development activities mainly concern LED products as well as multimedia solutions.

A high level of activity in research and development is also expected in the future in order to maintain the brands position.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

For 2021 the Company expects to report revenue of approx. 235 DKK million and an earnings in the EBIT level of 20 DKK million due to the end of one-off charges. The Samsung Group, if required, will provide the credit facilities required for the realization of the budgeted activities.

Significant assumptions and uncertainties

There are no material conditions and uncertainties to affect the company's results and balance sheet.



Harman Professional Denmark ApS
Annual report 2020

Financial statements 1 January 2020 - 31 December 2020

Income statement

		2020	2019
Note	DKK'000		
	Revenue	218,049	245,228
13	Production costs	-27,777	-18,318
	Gross margin	190,272	226,910
13	Distribution costs	-107,916	-137,082
13	Administrative expenses	-39,189	-59,519
	Operating profit/loss	43,167	30,309
	Profit/loss before net financials	43,167	30,309
	Income/loss from investments in group enterprises	-2,241	2,133
2	Financial income	14,471	1,768
3	Financial expenses	-3,533	-9,871
	Result before taxes	51,864	24,339
4	Tax on result for the year	-13,362	2,054
	Profit/loss for the year	38,502	26,393



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Balance sheet

Note	DKK'000	2020	2019
ASSETS			
Fixed Assets			
5	Intangible assets		
	Completed development projects	11,695	9,771
	Acquired licences	11	30
	Development projects in progress and prepayment for intangible assets	10,200	11,655
	Other intangible assets	—	—
		21,906	21,456
6	Property, plant and equipment		
	Property	18,010	21,460
	Plant and machinery	5,913	373
	Other fixtures and fittings, tools and equipment	28,033	40,032
	Leasehold improvements	24	646
		51,980	62,510
7	Investments		
	Investments in group enterprises	—	5,030
	Investments in associates	503	503
	Deposits	1,101	218
		1,604	5,751
	Total fixed assets	75,490	89,717
Non-fixed assets			
9	Receivables		
	Trade receivables	882	883
	Receivables from group enterprises	267,165	107,595
10	Deferred tax assets	2,411	10,964
	Other receivables	1,338	7,005
8	Prepayments	1,668	3,582
		273,464	130,029
	Cash	18,363	115,346
	Total non-fixed assets	291,827	245,375
	TOTAL ASSETS	367,317	335,092



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Balance sheet

Note	DKK'000	2020	2019
EQUITY AND LIABILITIES			
Equity			
	Share capital	260,000	260,000
	Reserve for development cost	17,078	16,712
	Retained earnings	13,062	-25,074
	Total equity	290,140	251,638
Liabilities other than provisions			
Non-current liabilities other than provisions			
11	Lease liabilities	15,764	18,366
	Trade payables	33	—
11	Other payables	—	9,558
		15,797	27,924
Current liabilities other than provisions			
11	Lease liabilities	4,447	5,274
	Trade payables	10,195	9,824
	Payables to group enterprises	664	7,834
12	Corporation tax payable	7,981	4,090
11	Other payables	36,983	28,466
	Deferred income	1,110	43
		61,380	55,531
	Total liabilities other than provisions	77,177	83,455
	TOTAL EQUITY AND LIABILITIES	367,317	335,093

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- 15 Related parties
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Statement of changes in equity

	Share capital	Reserve for Development Costs	Retained Earnings	Total
DKK'000				
Equity at 1 January 2020	260,000	16,712	-25,074	251,638
Development costs for the year	—	7,988	-7,988	—
Amortization for the year	—	-7,622	7,622	—
Net profit/loss for the year	—	—	38,502	38,502
Equity at 31 December 2020	260,000	17,078	13,062	290,140



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Notes to the annual report

1. Accounting policies

The annual report of Harman Professional Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C. In addition, the accounting policies applied are unchanged compared to last year. The comparative figures for the financial year 2019 regarding income from royalties and recharge have been adjusted from financial income to revenue.

In accordance with the exemption clause in section 86 of the Danish Financial Statement Act, Harman Professional Denmark ApS does not prepare any cash flow statements. The consolidated financial statements of Samsung Electronics Co. Ltd. can be obtained at:

<https://www.samsung.com/global/ir/financial-information/audited-financial-statements/>

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

Assets are recognized in the balance sheet when it is probable that Mure 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.

Reporting currency

The financial statements are presented in thousand Danish kroner (DKK'000).

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, payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the date of the statement of financial position and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as net financials.



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1. Accounting policies (continued)

Revenue

Revenue from the commission income which include royalties is recognised in the income statement. Royalties is generated from sales made by affiliates and is recognised in the income statement providing that transfer of control, which according to IFRS 15 takes place at the time when control of the product is transferred to the affiliates customer. Revenue is recognised exclusive of VAT and duties.

All discounts granted are recognised in revenue.

Production costs

Production costs comprise costs used to generate the revenue for the year. Such production costs include direct and indirect costs for consumables, wages and salaries, rent and leases, and depreciation and impairment losses.

Production costs also comprise development costs that do not qualify for capitalization and impairment losses and amortization in respect of capitalized development costs.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions as well as depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff office premises and office expenses, and depreciation and impairment losses.

Administrative expenses also include write-downs for bad debts.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses. Staff costs are recognised in the income statement under "Production costs", "Distribution costs" and "Administrative expenses" respectively.



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1. Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortization/depreciation and impairment of intangible assets and property, plant and equipment.

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

Property	8-10	years
Plant and machinery	3-10	years
Fixtures and fittings, other plant and equipment	3-5	years
Leasehold improvements	10	years
Software	5	years
Customer data base, etc	5	years
Development projects	2	years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and the depreciation period is reassessed annually.

In case of changes in the depreciation period, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement under 'Production costs', 'Distribution costs' and 'Administrative expenses', respectively.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial income and charges in respect of finance leases, realised and unrealised gains, losses and impairments on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividend from investments in subsidiaries and associates is recognised in the income statement in the year of adoption.



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1. Accounting policies (continued)

Tax

Samsung Electronics acts as administration company for the Herman Group's Danish activities and consequently settles all corporate income tax payments with the tax authorities.

The current Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Companies that use tax losses in other companies pay the joint tax contribution to the administrative company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the administrative company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rate - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Intangible assets

Other intangible assets:

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful lives.

However, intangible assets with an indefinite useful life are not amortised but are tested for impairment annually.

Development projects, patents and licenses etc. including software:

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Development costs comprise salaries, amortisation and other costs directly or indirectly attributable to the Company's development activities.

Development projects are clearly defined and identifiable. Each project is reviewed for the technical degree of utilisation, sufficient resources and a potential future market or development opportunities are demonstrated, only then are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, distribution costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

On completion of development work, development projects are amortised on a straight-line basis over the estimated useful life.

The amortization period is 2 years. The basis of amortisation is calculated less any impairment.



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1. Accounting policies (continued)

Property, plant and equipment

Property, leasehold improvements, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages. Where individual components of an item of property, plant and equipment have substantially different useful lives, they are accounted for as separate items, which are depreciated separately.

Interest incurred for the construction of a new asset is recognised as costs.

Subsequent costs, e.g in connection with the exchange of components of an item of property, plant and equipment are recognised in the carrying amount of the asset in question. Components exchanged are derecognised in the balance sheet, and the carrying amount is transferred to the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in profit or loss as incurred

Leases as Lessee

Leases as Lessee after 1 January 2019.

The lessee is required to recognize all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The company leases various vehicles, offices and other equipment. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date the leased asset is available for use by the company. In general, all lease contracts are recognized as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low value assets (< USD 5.000).

Leases are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Offices

Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Fixed payments appear in the lease contract. The leasing period for offices without any terms of conditions is based on a managerial assessment of the expected term of the individual leasing contract. Offices with terms of conditions is set accordingly. To find the groups incremental borrowing rate to obtain an asset of similar value, the interest rate is set depending on the leasing period.

Other equipment

Assets and liabilities arising from a lease are initially measured on a present value basis. To find the present value of a lease contract several factors has to be determined. Leasing period and fixed payments appears in the lease contract which means only interest rate has to be determined. Here the groups incremental borrowing rate to obtain an asset of similar value is used. In accordance with the Harman group facility the interest rate is set depending on the leasing period.



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1. Accounting policies (continued)

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. In case of evidence of impairment an impairment test is conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Upon distribution of reserves other than retained earnings in subsidiaries, the distribution reduces the cost of the investments, when the distribution resembles repayment of the parent company's investment.

Deposits receivable

The account used to record deposits made for the purposes for being provided with goods or services during the contact period.

Impairment of fixed assets

Ongoing and completed development projects are tested for indications of impairment annually.

The carrying amount of other fixed current assets is tested annually for indication of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs, distribution costs and administrative expenses, respectively. Impairment of investments in subsidiaries and associates is, however, recognised in a separate line item in the income statement.

Impairment losses recognised in respect of assets are reversed in so far as the assumptions and estimates underlying the impairment losses have changed. Impairment is only reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Receivables

Receivables are measured at amortised cost. Write-down is made for expected bad debt losses according to an individual assessment.

Prepayments

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

Equity

Dividend

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



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1. Accounting policies (continued)

Income taxes

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contributions payable and receivable are recognised in the balance sheet.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under "Receivables" 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 and jurisdiction.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Amounts owed to credit institutions and group entities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under net financials over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank, deposits and short-term bank loans.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$



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2. Financial income

DKK'000	2020	2019
Interest receivable, group entities	74	—
Exchange rate adjustments	14,397	—
Other financial income	—	1,768
	<u>14,471</u>	<u>1,768</u>

3. Financial expenses

DKK'000	2020	2019
Impairment of financial assets	201	—
Bank interest	829	1,077
Interest expenses, group entities	1,138	856
Exchange rate adjustments	—	7,481
Other financial expenses	1,366	457
	<u>3,534</u>	<u>9,871</u>

During the year, borrowing costs have not been recognised in cost of assets.

4. Tax for the year

Estimated tax charge for the year	-4,809	-1,173
Deferred tax adjustments for the year	-8,628	-4,007
Deferred tax adjustments for prior years	75	7,234
	<u>-13,362</u>	<u>2,054</u>
Specified as follows:		
Tax for the year	13,362	-2,054
	<u>13,362</u>	<u>-2,054</u>
Tax on profit/loss for the year is explained as follows		
Computed 22% tax on profit/loss before tax	11,410	5,355
The tax effect of:		
Income/loss from investment in group enterprises	2,671	-469
Non-deductible costs and non-deductible taxable income	32	102
Adjustments regarding previous years	-75	-7,234
Other tax adjustments	-676	192
	<u>13,362</u>	<u>-2,054</u>



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5. Intangible assets

	Completed Development Projects TDKK	Acquired Licenses	Other Intangible Assets	Projects in progress and prepayment for intangible assets	Total
Cost at 1 January 2020	278,453	13,634	17,868	11,655	321,610
Additions for the year	—	—	—	10,240	10,240
Transfers	11,695	—	—	-11,695	—
Disposals	—	—	—	—	—
Cost at 31 December 2020	290,148	13,634	17,868	10,200	331,850
Impairment losses and depreciation at 1 January 2020	268,682	13,604	17,868	—	300,154
Amortisation for the year	9,771	19	—	—	9,790
Impairment loss for the year	—	—	—	—	—
Impairment losses and depreciation at 31 December 2020	278,453	13,623	17,868	—	309,944
Carrying amount at 31 December 2020	11,695	11	—	10,200	21,906
Amortised over	2 years	5 years			

Development projects

Development projects comprise development of lightning products within the Harman brand. Investments are made in the development of physical products or product platforms based on a set of technologies. A development project is initiated based on an assessment of the business potential described in a business case consisting of a description of the concept and an analysis describing market conditions (demand, price etc.). Having decided to go through with the project the Company uses a progress based model ensuring ongoing follow-up of the development projects.

Recognition and measurement in the financial statements

It is a prerequisite for capitalization that:

- an explicit sales evaluation exists describing whether the asset in itself are in a modified form may form the basis of repeated sales to one or more customers
- the technological challenges are described and that resource requirements of the development projects are described



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5. Intangible assets (continued)

Development projects are valued at cost less accumulated amortization and write-downs, or recoverable amount if this is lower.

Capitalized development costs are amortised concurrently with the sale of the developed products and platforms or on a straight-line basis over the estimated useful life.

The amortization profile is determined based on a business case, and the amortization base comprises both existing and expected orders. An estimated useful life of usually no more than 2 years is attached to the amortization profile, adjusted to the investment amount. The amortization profile is revalued on an annual basis.

6. Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures	Leasehold improvements	Total
Cost at 1 January 2020	25,024	29,836	68,048	1,161	124,069
Additions for the year	278	13,158	310	—	13,746
Transfers	—	-651	651	—	—
Disposals	-339	-822	-818	-554	-2,533
Exchange	—	—	—	—	—
Cost at 31 December 2020	24,963	41,520	68,191	607	135,281
Impairment losses and depreciation at 1 January 2020	3,564	29,464	28,016	515	61,559
Depreciation for the year	3,389	6,196	12,142	68	21,795
Depreciation disposal/retirement	—	-53	—	—	-53
Impairment loss for the year	—	—	—	—	—
Impairment losses and depreciation at 31 December 2020	6,953	35,607	40,158	583	83,301
Carrying amount at 31 December 2020	18,010	5,913	28,033	24	51,980
Depreciated over	8-10 years	3-10 years	3-5 years	10 years	
Including assets under finance leases amounting to	17,615	328	1,739	—	19,682



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7. Investments

DKK'000	Investments in group enterprises	Investment in associates	Deposits	Total
Cost at 1 January 2020	7,101	503	218	7,822
Additions	—	—	883	883
Disposals	-7,101	—	—	-7,101
Cost at 31 December 2020	—	503	1,101	1,604
Cost at Value adjustments at 1 January 2020	-2,071	—	—	-2,071
Value adjustments for the year	—	—	—	—
Reversal of prior year revaluations	—	—	—	—
Disposals	2,071	—	—	2,071
Cost at Value adjustments at 31/12/2021	—	—	—	—
Carrying amount at 31 December 2020	—	503	1,101	1,604

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Associates				
Martin Professional Japan Ltd.	Japan	40 %	31,713	-4,305

8. Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including prepaid insurance DKK 1.286 thousand (2019 DKK 882 thousand), intercompany prepayments DKK 0 (2019 DKK 2.022 thousand) and other prepaid expenses DKK 382 thousand (2019 DKK 680 thousand).

9. Receivables

Out of the Company's trade receivables totalling DKK 882 thousand (2019 DKK 883 thousand) and other receivables totalling DKK 1,338 thousand (2019 DKK 7,005 thousand), no receivables fall due for payment after more than one year after the balance sheet date



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10. Deferred tax

DKK'000	2020	2019
Deferred tax at 1 January	-10,964	-7,737
Adjustment regarding previous years	-75	-7,234
Deferred tax for the year recognized in profit for the year	8,628	4,007
Deferred tax as at 31 December	-2,411	-10,964
Deferred tax relates to:		
Intangible assets	3,490	3,378
Property, plant and equipment	-5,002	-4,397
Other	976	947
Tax loss	-1,875	-10,892
	-2,411	-10,964
Analysis of the deferred tax		
Deferred tax assets	-2,411	-10,964
Deferred tax liabilities	—	—
	-2,411	-10,964

The company has at 31 December 2020 a deferred tax asset of DKK 2,411 which mainly relates to tax carry forward loss for later utilization. It is considered highly probable that over a shorter number of years, earnings will be generated to such an extent that the tax assets entered can be realized



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11. Liabilities

DKK'000	2020	2019
Leasing		
After 5 years	1,172	4,031
Between 1 and 5 years	14,592	15,169
Long term part	15,764	19,200
Within 1 year	4,447	4,440
	20,211	23,640
Other payables		
Between 1 and 5 years	—	9,558
Long term part	—	9,558
Other short term payables	36,983	28,466
	36,983	38,024

12. Corporation tax payable

DKK'000	2020	2019
Corporation tax payable		
Corporation tax payable at 1 January	4,090	3,855
Tax for the year	4,809	235
Income taxes paid	-918	—
Corporation taxes payable at 31 December	7,981	4,090

13. Staff costs and incentive programs

	2020	2019
Wages/Salaries	67,992	72,246
Pensions	11,910	11,783
Other social security costs	4,701	6,843
	84,603	90,872
Average number of full-time employees	126	125

In 2020, there is only one member of the Executive Board which receive remuneration. Therefore, the remuneration to the Executive Board is not disclosed cf. section 98b (3,2) of the Danish Financial Statements Act.

The Board of Directors did not receive remuneration during the financial year.

Incentive programs

The Executive Board and the functional manager are eligible for Samsung cash settled LTIP. Incentives are provided on the basis that certain performance goals are fulfilled.

Pursuant to section 98b (3,2) of the Danish Financial Statements Act, no detailed information is provided on incentive plans.



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14. Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with Samsung Electronics, filial at Samsung Electronics Nordic AB, Sverige, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 11 March 2017. Before the Company was administrative company for the joint taxation including Harman Consumer Division Nordic A/S. The Company is jointly and severally liable for taxes and withholding taxes falling due for payment before 11 March 2017.

15. Related parties

Related parties

Harman Professional Denmark ApS related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
AKG Acoustics GmbH, Salzgasse 2, 5400 Hallein, Salzburg	Austria	Participating interest
Harman International Industries Inc., 400 Atlantic Street, Stamford, CT 06901, USA	USA	Participating interest
Samsung Electronics Co. Ltd., 129 Samseong-ro Yeongtong-gu Gyeonggi-do 16677 Suwon-Shi Korea, Republic of (South)	Korea	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Samsung Electronics Co. Ltd.	Korea	https://www.samsung.com/global/ir/financial-information/audited-financial-statements/
Harman International Industries Inc.	USA	

Related party transactions

The Company has no transactions that are not carried out at arm's length basis according with section 98 C (7) of the Danish Financial Statements.

16. Appropriation of profit/loss

Retained earnings/accumulated loss	38,502	26,393
	<u>38,502</u>	<u>26,393</u>



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17. Subsequent event

There are no subsequent event to report for Denmark for the financial year FY2020.