

**Financial report 2018**

**Hirschmann Multimedia**

**Holding B.V.**

**Weesp**

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## Directors' report

### Development in activities and finances

In line with the defined strategy of being a strong technology provider of new unique products to be selected by major customers and market segments, Hirschmann Multimedia continued its investments in core technology platforms in 2018. As a result, a series of innovations and new products were launched during 2018 and more planned to be launched in 2019.

Revenue was Euro 14,7M in 2018 (2017: Euro 15,5M). Revenue was negatively affected by a delayed launch of some products as well as challenging market conditions, in the retail market in special. EDITDA was Euro 536K (2017: 575K) quite stable but considered unsatisfactory as EBITDA was expected to be much higher in line with the planned growth in turnover. It is expected to be improved significantly in 2019 with EBITDA to reach Euro 1 -1,5M.

The solvability was more or less stable in 2018 on 72% compared to 2017 (2017: 70%). Our liquidity ratio in 2018 is 2,50 (2017: 2,38).

Our average number of employees was stable on 58 FTE including a couple of vacancies. Further limited growth of our average number of employees has been planned for.

### Research and development activities strong

As in the years before Hirschmann Multimedia invested heavily in research and development in 2018, mainly driven by the R&D department. This will further and expand the product and solution offering and Hirschmann's ability to support customers with highly competitive products and solutions.

The ever increasing demands for more capacity and speed are being implemented worldwide by cable and mobile network operators, allowing the expansion and upgrade of existing network infrastructure to continue to match needed fiber speeds.

Our own and in home research and development activities are focused on hardware and software developments, where technological advances, digitalization of data and increased user demands are incorporated.

To further extend our Access and In-home product portfolio with the newest, innovative features incorporated, our product development roadmap is both for coaxial as well as fiber network applications and/or hybrid solutions.

The majority of our R&D activities are classified for WBSO subsidies and Innovation box.

A fundamental part of our budget, approximately 6% to sales, was invested again in research & development of new products, services and platforms. This has been budgeted for the next years also.

Research & Development costs are capitalized in the balance sheet in order to align cost and income from the new products and technologies.

## Outlook

Customers want and need more and more bandwidth, sometimes for content on more devices and sometimes for mission critical applications.

Based on our strategy we foresee continued investments in our product lines, to build and extend as well our Access product line as well as our In-home product portfolio. Also our project solutions will be further developed and extended with additional services and software solutions.

Further infrastructural investments were made to make the next steps in our (strategical) development as a company. Further growth of our average number of employees has been planned for. Also a structural education program has been developed and will be further executed over the years to come, to even further professionalize our performance and output.

With the development of our activities and anticipating on further growing our businesses, the intensified cooperation with our production partners will give us the flexibility, scalability, purchase and production efficiencies needed as well as lower rates of capital tied-up.

Further investments in new product developments as well as in capable professionals and more economic (project executing) procedures, should result in growing operating profits for the years to come.

## Environmental and climate change issues

Hirschmann affects environment with transportation of products and employees and indirectly also with our outsourced production as well as the use and disposal of products at customers and end-users.

We are aware of the potential risk of impacting the environment with our activities and wish to be an environmentally conscious and responsible enterprise and cooperative partner. Therefore we contribute to a sustainable development by reducing the volume of waste and energy consumption by continuously aiming to prevent pollution and improve environmental conditions also in our product developments.

Although we do not have an official Code of Conduct, we want to live and act as such, reflected in our policies and Quality and Personnel handbooks.

## Risk management

We are working in competitive and developing (sub)markets with rapid changing technological product and solution features. We are focused working on developing our self in our markets, where the natural split of (sub)markets and types of customers is minimizing our strategical risk by spreading our activities over these markets as far as possible.

Our operational risks are minimized by our high quality product and solution strategy. Innovation and quality are fundamental parameters under our strategy. Therefore we work with highly qualified personnel, our ISO and VCA certification and do have high quality and intensive control procedures on our productions and solutions. With our ISO and VCA certified procedures we work in line with legal rules and anticipate and (re)align with changes in laws and rules if applicable.

As there are no special financial risks and/or uncertainties in our company, we refer here to paragraph 1.8 of our financial report 2018.



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## Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which could influence the evaluation of this annual report.

With the current general economic positive outlook, in special in the markets we work in, we expect to further grow our topline by bringing next generation innovative developments to our markets and customers, which should with the investments made, our infrastructure and cost infrastructure in special, result in positive bottom line figures for the years ahead.

Weesp, July 12, 2019

Board of Directors  
Drs. D.A.J. Kroon

## Consolidated financial statements



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## Consolidated balance sheet as at 31 December 2018 (after appropriation of result)

		31 December 2018		31 December 2017	
Assets	note	€	€	€	€
<b>Non-current assets</b>					
Intangible assets	1.1	1.692.016		1.639.724	
Tangible assets	1.2	152.659		201.492	
Financial assets	1.3	77.523		50.616	
			1.922.198		1.891.832
<b>Current assets</b>					
Inventories	1.4.	2.778.058		2.467.423	
Receivables	1.5.	1.419.441		1.663.695	
Cash at banks and in hand	1.6.	365.285		866.502	
			4.562.784		4.997.620
			6.484.982		6.889.452



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# HIRSCHMANN

MULTIMEDIA

		<u>31 December 2018</u>	<u>31 December 2017</u>
<i>Group equity and liabilities</i>	note	€	€
<b>Group equity</b>			
Equity capital	1.7	4.658.521	4.791.174
<b>Current liabilities</b>	1.8	1.826.461	2.098.278
		<u>6.484.982</u>	<u>6.889.452</u>



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## Consolidated income statement for the year ended 31 December 2018

		2018		2017	
	Note	€	€	€	€
<b>Net turnover</b>			14.742.469		15.498.992
Cost of sales			(8.700.839)		(9.264.524)
			6.041.630		6.234.468
<b>Gross profit</b>					
Selling expenses	2.1	(4.704.559)		(4.797.463)	
General & Administration Expenses	2.2	(1.300.687)		(1.204.113)	
			(6.005.246)		(6.001.576)
<b>Total costs</b>					
<b>Operating profit</b>			36.384		232.892
Financial income and expenses	2.3		11		3.306
			36.395		236.198
<b>Result before tax</b>					
Tax on result	2.5.		(9.048)		(50.527)
			27.347		185.671
<b>Result after tax</b>					



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**Consolidated cash flow statement for the year ended  
31 December 2018**

	2018		2017	
	€	€	€	€
<b>Cash flows from operating activities</b>				
Operating profit		36.384		232.892
<i>Adjustments in respect of:</i>				
Amortisation of intangible assets	410.321		220.126	
Depreciation of tangible assets	89.404		121.412	
Movements in provisions	0		0	
		499.725		341.538
<i>Movements in working capital:</i>				
Inventories	(310.636)		(583.006)	
Construction contracts	(807.887)		(518.030)	
Receivables	201.655		89.517	
Current liabilities (excluding finance balances)	75.282		546.720	
		(841.586)		(465.249)
<b>Cash used in operations</b>		(305.477)		109.181
Interest received	11		3.305	
Interest paid	0		0	
Corporate income tax paid on operating activities	28.983		67.728	
		28.994		70.583
<b>Net cash Used in operating activities</b>		(276.483)		179.764



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	2018		2017	
	€	€	€	€
Investments in:				
- Intangible assets	(24.163)		0	
- Tangible assets	(40.571)		(38.371)	
<b>Net cash used in investment activities</b>		(64.734)		(38.371)
Dividend paid to Kroon Holding	(160.000)		0	
<b>Net cash used in financing activities</b>		(160.000)		0
Net cash flows		(501.217)		(38.371)
Net increase/(decrease) on cash at bank and in hand		(501.217)		141.393

**The movement in cash at banks and in hand can be broken down as follows:**

<i>Balance as at January 1</i>	866.502	725.109
Movements during the financial year	(501.217)	141.393
<i>Balance as at 31 December</i>	365.285	866.502



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## Notes to the consolidated financial statements

### General

#### Activities

The Company has been incorporated on 18 December 2008. The activities of Hirschmann Multimedia Holding B.V., with its registered office and its actual place of business Pampuslaan 170 in Weesp, and its group companies ("the Group") mainly concern the trade in electronic and cable equipment. Furthermore, cable network projects take place. Sales are made in both the domestic and foreign markets, with the countries of the Benelux forming the most important markets.

#### Group structure

Hirschmann Multimedia Holding B.V. is the head of the group. The registered and actual address of Hirschmann Multimedia Holding B.V. is Kudelstaartseweg 150, 1433 GN Kudelstaart and is registered at the Trade Register of the Chamber of Commerce under number 34319999.

A summary of the information required under articles 2:379 and 2:414 of the Dutch Civil Code is given below:

Consolidated companies:

Name	Registered office	Share in issued share capital
Hirschmann Multimedia B.V.	Weesp	100%

#### Consolidation principles

Financial information relating to group companies and other legal entities controlled by Hirschmann Multimedia Holding B.V. or where central management is conducted, has been consolidated in the financial statements of Hirschmann Multimedia Holding B.V. The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving").

The financial information relating to Hirschmann Multimedia Holding B.V. is presented in the consolidated financial statements. Accordingly, in accordance with art. 2:402 of the Dutch Code, the company-only financial statements only contain an abridged profit and loss account.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are disclosed separately in the consolidated financial statements.

### General accounting principles for the preparation of the consolidated financial statements

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

## Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts), and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Contingent assets and liabilities'.

### Primary financial instruments

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'. The company does not have any derivative financial instruments.

### Translation of foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in Euros, which is the functional and presentation currency of Hirschmann Multimedia Holding B.V.

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

#### *Currency risk*

Hirschmann Multimedia B.V. mainly operates in the Benelux and the European Union.

#### *Interest rate and cash flow risk*

The Company incurs interest rate risk on interest-bearing receivables (in particular those included in cash) and on interest-bearing non-current and current liabilities.

Where floating-interest loans and receivables are concerned, Hirschmann Multimedia Holding B.V. incurs risk regarding future cash flows. In addition, Hirschmann Multimedia Holding B.V. incurs risks on fixed-interest loans and receivables with respect to the fair value due to changes in the market rate of interest. No financial derivatives for interest rate risk are contracted with regard to the receivables.

#### *Credit risk*

Hirschmann Multimedia Holding B.V. does not have any significant concentrations of credit risks. Sales are made to customers meeting the credit rating of the Company. Goods are sold and services rendered subject to payment terms ranging between 8 and 60 days. For major supplies, a different payment term might apply. In that case, additional securities will be required, including guarantees.

#### *Liquidity risk*

Hirschmann Multimedia B.V. uses several banks. The Company has an overdraft facility with the ABN AMRO Bank giving the Company's receivables as a security. The overdraft facility has not been utilized during the year.

## **Principles of valuation of assets and liabilities**

### **Intangible fixed assets**

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year. For the costs of research and development a statutory reserve is formed in the amount of the capitalized amount.

Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement

### **Tangible fixed assets**

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Costs for periodical major maintenance are charged to the result at the moment they arise.

### **Financial fixed assets**

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

### **Inventories**

Inventories (stocks) are valued at historical price or production cost based on the FIFO method (first in, first out) or lower realisable value.

Inventories of raw materials, consumables and goods for resale are valued at acquisition price or lower net realisable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories of raw materials and consumables is based on standard cost. The inventories of goods for resale are valued individually, at acquisition price or lower net realisable value.

In determining the realisable value the obsolescence of the inventories is taken into account.

The work in progress and the inventories of finished goods are valued at the lower of cost of manufacture and net realisable value. This lower net realisable value is determined by individual assessment of the inventories. Cost of manufacture includes direct materials used, direct wages and machine costs and other direct costs of manufacture, together with applicable production overhead. Net realisable value is based on estimated selling price, less any future costs to be incurred for completion and disposal.

### **Construction contracts**

Construction contracts for third parties are valued at the realised construction contract costs and net of recognized losses and invoiced instalments. If the result from construction contracts cannot be reliably estimated no profit is attributed. The construction contract costs comprise the costs directly relating to the construction contract, the costs that are attributable to construction contract activities in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

Construction contracts also includes the construction contracts ensuing from the construction contract development, if and insofar as an unconditional sales agreement has been concluded for components of the construction contract prior to or during the construction.

If the aggregate of all construction contracts shows a debit balance, the aggregate balance is presented under the current assets. If the aggregate of all construction contracts shows a credit balance, the aggregate balance is presented under the current liabilities.

Income from construction contracts realised during the financial year is recognised in the profit and loss account as income in the item revenue as long as the construction contract has not yet been completed. Construction contract costs are recognized in the cost of sales.

### **Receivables**

The Receivables in the company financial statements fall all due within one year.

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

### **Cash at bank and in hand**

Cash at banks and in hand represent cash in hand and bank balances with terms of less than twelve months. Cash at banks and in hand is carried at nominal value.

### **Provisions**

#### *Pension plans personnel*

The Company has a pension plan on which the conditions of the Dutch Pension Act are applicable. The Company pays premiums based on a defined contribution plan, contractual to the insurance company. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Additions to and release of the obligations are recognized in the profit and loss account.

### **Long-term and short-term liabilities**

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost.

## **Operational leasing**

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

## **Principles for the determination of results**

### **General**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

### **Revenue recognition**

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

### **Sales of goods**

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Revenue from finalized projects is recognized fully, revenue from work in progress is recognized until the amount of the incurred costs to date.

### **Costs of sales**

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

### **Selling expenses and general and administrative costs**

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

### **Government subsidies and taxes**

Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received.

Government taxes are recorded as expenses at the time all conditions with regard to the applicable government tax have been met.



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### **Interest income and interest expenses**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

### **Income tax**

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

### **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

### **Principles for preparation of the consolidated cash flow statement**

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments.

Corporate income taxes, interest received and interest paid are presented under the cash flow from operating activities.

Transactions that do not result in exchange of cash and cash equivalents are not presented in the cash flow statement.

## Notes to the specific items of the consolidated balance sheet

### 1.1 Intangible assets

Movements in intangible assets can be broken down as follows:

	Computer Software	Research and development costs	Total
	€	€	€
<b>At 1 January 2018</b>			
Acquisition cost	121.871	1.927.121	2.048.992
Cumulative amortizations	(108.753)	(300.515)	(409.268)
Carrying amount as at January 1, 2018	13.118	1.626.606	1.639.724
<b>Movements 2018</b>			
Purchased	24.163	438.450	462.613
Amortised	(8.998)	(401.323)	(410.321)
Carrying amount as at December 31, 2018	15.165	37.127	52.292
<b>At 31 December 2018</b>			
Acquisition cost	146.034	2.365.571	2.511.605
Cumulative amortizations	(117.751)	(701.838)	(819.589)
Carrying amount as at December 31, 2018	28.283	1.663.733	1.692.016
Amortisation rate	20%	33,3%	

Research and development cost relates to product development. A total amount of € 670.821 (2017: € 554.734) at acquisition cost has been capitalized but is still in progress. Therefore amortization has not started yet.

## 1.2 Tangible assets

Movements in tangible assets can be broken down as follows:

	Office equipment	Other fixed assets	Total
	€	€	€
<b>At 1 January 2018</b>			
Acquisition cost	687.452	585.758	1.273.210
Cumulative depreciation	(614.084)	(457.634)	(1.071.718)
Carrying amount	73.368	128.124	201.492
<b>Movements 2018</b>			
Purchased	33.130	8.234	41.364
Depreciation	(39.172)	(50.232)	(89.404)
Carrying amount of disposals	(793)	0	(793)
Carrying amount as at December 31, 2018	(6.835)	(41.998)	(48.833)
<b>At 31 December 2018</b>			
Acquisition cost	719.789	593.992	1.313.781
Cumulative depreciation	(653.256)	(507.866)	(1.161.122)
Carrying amount as at December 31, 2018	66.533	86.126	152.659
Amortisation rate	20%-33,33%	20%	

## 1.3 Financial assets

As at balance sheet date the financial assets include the deferred taxes amounting to € 77.523 (2017: € 50.616). The financial assets expected to be realized after one year.



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## 1.4 Inventories

	31 December 2018	31 December 2017
	€	€
Finished products and goods for resale	1.642.733	1.762.429
Semi-finished products (WIP)	1.135.325	704.994
<b>Total inventories</b>	<b>2.778.058</b>	<b>2.467.423</b>

## 1.5 Receivables

	31 December 2018	31 December 2017
	€	€
Trade receivables	1.261.991	1.447.538
Prepaid expenses	75.654	65.394
Corporate income tax	0	42.599
Other receivables	81.796	108.164
<b>Total receivables</b>	<b>1.419.441</b>	<b>1.663.695</b>

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

A provision for doubtful debts was not necessary to be formed during the financial year, as in 2017, due to further strict enforcement of the agreed payment conditions with our customers.

The receivables will be pledged as security when this facility is needed.

The interest rate on this facility amounts to 1 months Euribor + 1.8% mark-up. The facility has not been utilized during the fiscal year

The prepaid expenses can be broken down as follows:

	31 December 2018	31 December 2017
	€	€
Insurance premiums	32.363	35.990
Other prepaid expenses	43.291	29.404
	75.654	65.394

The prepayments comprise costs paid in advance related to the financial year 2019.

## 1.6 Cash at banks and in hand

Of cash and cash equivalents, € 50.000 is not at the Company's free disposal, including a guarantee of the amount of € 50.000.

## 1.7 Group equity

For details to equity, please refer to the notes to the company financial statements.

## 1.8 Current liabilities

	31 December 2018	31 December 2017
	€	€
Trade payables	1.327.166	1.193.321
Work in progress	37.414	406.851
Holiday payable	83.568	87.664
Payroll tax	157.476	153.850
Value added tax	82.107	118.685
Corporate income tax	22.339	0
Other liabilities	116.391	137.907
	1.826.461	2.098.278

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

Work in progress can be broken down as follows:

	31 December 2018	31 December 2017
	€	€
Work in progress on construction contracts for third parties	424.069	254.023
Total invoiced instalments	(461.483)	(660.874)
	(37.414)	(406.851)

The balance of the work in progress on construction contracts whose invoiced installments and recognized losses exceed the project costs realized and allocated profit amounts to € 37.414 (2017: € 406.851).

## 1.9 Contingent assets and liabilities

### *Operational leases*

The obligations from operational leases at the end of the reporting year can be specified as follows:

Obligations to pay:	€
No later than 1 year	240.620
Later than 1 year and no later than 5 years	419.460
Later than 5 years	0

Lease payments for 2018 amounts to € 308.044 (2017: € 325.286)

### *Rental commitments*

The annual amount of rental commitments in Weesp with respect to land and buildings amounts to approximately € 195.727. The rental commitments expire in 31<sup>st</sup> of March 2021.

### *Bank facility*

Hirschmann Multimedia B.V. has entered into a bank overdraft facility of € 1.000.000. The receivables will be pledged as security when this facility is needed. The interest rate on this facility amounts to 1 months Euribor + 1.8% mark-up. During the year this facility has not been utilized.



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## Notes to the income statement

### 2.1 Costs of sales / Selling expenses / General & Administration expenses

Selling expenses can be broken down as follows:

	2018	2017
	€	€
Wages and salaries	3.114.001	3.363.397
Depreciation / amortisation	477.484	304.824
Other expenses	1.113.074	1.129.242
	4.704.559	4.797.463

Subsidy with regard to research and development (WBSO) for the amount of € 67.980 (2017: € 82.320). The subsidy has been deducted from social security costs.

### 2.2 General & Administration expenses

General and administrative expenses can be broken down as follows:

	2018	2017
	€	€
Wages and salaries	564.055	509.196
Depreciation / amortisation	22.241	36.714
Other expenses	714.391	658.203
	1.300.687	1.204.113

### 2.3 Financial income and expenses

	2018	2017
	€	€
Interest income	(11)	(3.305)
Interest expense	0	0
	(11)	(3.305)

**2.4 Average number of employees**

During the year 2018, the average number of employees, based on full-time equivalents, was 50 (2017: 59). Of these employees 5 were employed outside the Netherlands (2017: 4).

**2.5 Tax on result**

The income tax expense of € 9.048 can be broken down as follows:

	<b>2018</b>
	€
<b>Result before taxation</b>	<b>36.395</b>
Non-deductible expenses for tax purposes	8.844
<b>Taxable amount</b>	<b>45.239</b>
Tax amount	9.048
<b>Taxation according to profit and loss</b>	<b>9.048</b>

The applicable tax rate is based on the relative proportion of the group companies' contribution to profit and the tax rates ruling in the Netherlands.

Effective tax rate 24,86%.

**2.6 Remuneration of directors**

The directors' remuneration has been omitted according to article 383 BW 2, Titel 9, as this can be traced back to one single person.

**Result appropriation according to the Articles of Association**

According to the Articles of Association the result for the year is at the disposal of the general meeting of the shareholders.



**Company financial statements**



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## Company balance sheet as at 31 December 2018 (after profit appropriation)

	Note	31 December 2018		31 December 2017	
		€	€	€	€
<i>Note</i>					
<b>Non-current assets</b>					
Financial assets	3.1	4.891.878		4.858.551	
Deferred tax asset	3.2	77.523		50.616	
			4.969.401		4.909.167
<b>Current assets</b>					
Receivables		0		42.599	
Cash and cash equivalents		1.923		354	
			1.923		42.953
			<u>4.971.324</u>		<u>4.952.120</u>

		31 December 2018		31 December 2017	
	Note	€	€	€	€
<i>Equity and liabilities</i>					
<b>Equity</b>	3.3				
Share capital		12.600		12.600	
Legal and statutory reserves		1.663.732		1.626.605	
Other reserves		2.982.189		3.151.969	
			4.658.521		4.791.174
Current liabilities		312.803		160.946	
			4.971.324		4.952.120



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**Company income statement for the year ended 31 December 2018**

	<u>2018</u>	<u>2017</u>
Note	€	€
Share of profit of associates after tax	36.395	191.159
Company profit after tax	<u>(9.048)</u>	<u>(5.488)</u>
<b>Profit for the year</b>	<u>27.347</u>	<u>185.671</u>



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## **Notes to the company balance sheet and income statement**

### **General accounting principles for the preparation of the financial statements**

The company-only financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

### **Participations in group companies**

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Hirschmann Multimedia Holding B.V. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

### **Legal reserve for associated companies**

The legal reserve for associated companies is formed in the amount of the share of Hirschmann Multimedia Holding B.V. in the results and direct increases of the associated companies since the initial valuation of these associated companies at net asset value, insofar as Hirschmann Multimedia Holding B.V. cannot realize a distribution without limitations. The statutory reserve for associated companies is determined individually.

### **Proposed appropriation of result**

It is proposed to add the result for the year 2018 of € 27.347 (2017: € 185.671) to the other reserves. This proposal is already reflected in the financial statements.

### **Events after the balance sheet date**

No events occurred after the balance sheet date that are of any influence to the financial report.



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## Notes to the specific items of the company-only balance sheet

### 3.1 Financial assets

Movements in financial assets can be broken down as follows:

	2018	2017
	€	€
<b>At 1 January</b>	4.858.551	4.667.392
Other changes in equity	0	0
Share in result of associated companies	33.327	191.159
<b>At 31 December</b>	4.891.878	4.858.551

### 3.2 Deferred tax asset

Movements in deferred tax asset can be broken down as follows:

	2018	2017
	€	€
<b>At 1 January</b>	50.616	28.743
Changes in deferred tax asset	26.907	21.873
<b>At 31 December</b>	77.523	50.616

## 3.3 Equity

### Share capital

The authorised share capital of the Company as at 31 December, 2018 amounts to € 90.000 and consists of 90.000 ordinary shares with a nominal value of € 1. Of these ordinary shares 12.600 have been issued.

### Share capital

	2018	2017
	€	€
At 1 January	12.600	12.600
Capital redemption	0	0
at 31 December	12.600	12.600

### Share premium


The shareholders paid up an amount of € 132.000 with respect to the 18.000 shares which have been issued. The share premium has been added to the other reserves during the year.

### Share premium

	2018	2017
	€	€
At 1 January	0	0
Addition to other reserves	0	0
at 31 December	0	0

### Legal and statutory reserves

	2018	2017
	€	€
At 1 January	1.626.605	1.214.912
Capitalized costs	37.127	411.693
Reduction in amount capitalized	0	0
at 31 December	1.663.732	1.626.605


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**Other reserves**

	2018	2017
	€	€
At 1 January	3.151.969	3 377 991
Dividend distribution	(160.000)	0
Increase debited from share premium	0	0
Capital redemption	0	0
Addition to legal and statutory reserves	(37.127)	(411 693)
Result for the year	27.347	185 671
at 31 December	2.982.189	3 151 969

**Contingent assets and liabilities***Tax group liability*

Hirschmann Multimedia Holding BV. forms under the Dutch Collection of State Taxes Act an fiscal unity with her subsidiaries. Therefore Hirschmann Multimedia Holding B V is liable for any taxes payable by the tax group

The financial statements of Hirschmann Multimedia Holding B V recognise a tax liability based on its profit for financial reporting purposes. Hirschmann Multimedia Holding B.V. settles its intercompany balances with Hirschmann Multimedia B V based on the profit for financial reporting purposes

Weesp, July 12, 2019

Hirschmann Multimedia Holding B.V.

The Management Board

Kroon Holding B.V.

Drs. D.A.J. Kroon

Hirschmann Multimedia Holding B.V.  
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1433 GN Kudelstaart

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**Other information**

**Independent auditor's report**

2019-2020