

Sonova Denmark A/S

Østre Hougvej 42 - 44
5500 Middelfart
Denmark

CVR no. 10 31 74 87

Annual report 2021/22

The annual report was presented and approved at
the Company's annual general meeting on

13 October 2022

Malin Cecilia Marie Hedlund
Chairman of the annual general meeting

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Sonova Denmark A/S
Annual report 2021/22
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sonova Denmark A/S for the financial year 1 April 2021 – 31 March 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 – 31 March 2022.

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

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

Middelfart, 13 October 2022

Executive Board:

Björn Rudolf Wallentin
Managing Director

Board of Directors:

Marco Caron
Chairman

Caroline Christina Edström

Björn Rudolf Wallentin

Malin Cecilia Marie Hedlund

Independent auditor's report

To the shareholders of Sonova Denmark A/S

Opinion

We have audited the financial statements of Sonova Denmark A/S for the financial year 1 April 2021 – 31 March 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 – 31 March 2022 in accordance with the Danish Financial Statements Act.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 13 October 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Kim Thomsen
State Authorised
Public Accountant
mne26736

Sonova Denmark A/S
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Management's review

Company details

Sonova Denmark A/S
Østre Hougvej 42 - 44
5500 Middelfart
Denmark

CVR no.:	10 31 74 87
Established:	1 July 1986
Registered office:	Middelfart
Financial year:	1 April – 31 March

Board of Directors

Marco Caron, Chairman
Caroline Christina Edström
Björn Rudolf Wallentin
Malin Cecilia Marie Hedlund

Executive Board

Björn Rudolf Wallentin, Managing Director

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management's review

Financial highlights

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Key figures					
Revenue	157,992	117,680	118,604	134,056	96,744
Gross profit	17,814	23,146	21,772	22,708	15,793
Profit before financial income and expenses	922	6,011	1,861	3,321	3,532
Profit/loss from financial income and expenses	-85	-36	-9	-40	184
Profit for the year	646	4,692	1,449	1,866	3,716
Balance sheet					
Total assets	38,399	51,285	55,250	39,772	30,763
Equity	19,396	22,750	18,058	16,609	11,571
Investment in property, plant and equipment	17	0	135	124	389
Ratios					
Gross margin	11.3%	19.7%	18.4%	16.9%	16.3%
Operating margin	0.6%	5.1%	1.6%	2.5%	3.7%
Current ratio	364.5%	245.7%	173.8%	235.6%	203.9%
Return on equity	3.1%	23.0%	8.4%	13.2%	38.3%
Solvency ratio	50.5%	44.4%	32.7%	41.8%	37.6%
Other key figures					
Average number of full- time employees	27	28	30	28	25

The financial ratios have been calculated as follows:

Gross margin $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$

Operating margin $\frac{\text{Operating profit} \times 100}{\text{Revenue}}$

Current ratio $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

Return on equity $\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

Sonova Denmark A/S is a 100% owned subsidiary of Sonova Holding AG and Sonova AG.

The Company's object is sale and service of hearing instruments, personal hearing protection and other electronic equipment.

The market is primarily Denmark.

Market overview

The Sonova Group is specialized in design, development, manufacture and distribution of technologically advanced hearing instruments and personal hearing protection and FM systems. The combination of expertise within hearing technology and a strong distribution network makes it possible for Sonova Denmark A/S - together with our customers and business partners - to improve the quality of life for people with hearing impairment.

Development in activities and financial position

The Company's income statement for 2021/22 shows a profit of DKK 646 thousand as against DKK 4,692 thousand in 2020/21. Equity in the Company's balance sheet at 31 March 2022 stood at DKK 19,396 thousand as against DKK 22,750 thousand at 31 March 2021.

In 2021/2022 Sonova managed to increase the revenue significantly driven by various sales initiatives across our WHS business. This Year's net profit of 646 TDKK is lower than the expected net profit of 4,7 MDKK. This is due to new government tenders, product mix and split of sales between sales channels. Based on the above the management finds the profit of the year satisfactory.

Special risks

Operating risks

The effects of fluctuations in the economy (expansion or recession) are expected to be limited for the Company, due to the fact that the dependency on the economic cycle is not very high. The Company acts in a healthcare market, where the dependency on the reimbursement system is large. Changes in legislation can lead to significant impact on the result of the Company.

Financial risks

The Company holds sufficient liquidity to ensure the fulfillment of all planned payment obligations. The amount of the liquidity reserve is regularly reviewed and adjusted as necessary according to circumstances.

Exchange rate risks

The Company is not significantly exposed to currency rate risks, since purchase takes place in EUR and DKK while sale only takes place in DKK. The Company does not hold any reserves in other currencies.

Credit risks

The Company is not exposed to significant credit risks. The larger portion of the outstanding are Regions and/ or Municipalities.

Management's review

Operating review

Environmental matters

Sonova Denmark A/S complies with existing rules on sorting and disposal of waste.

Research and development activities

All research and development activities are performed by the Parent Company in Switzerland.

Targets and expectations for the year ahead

In 2022/2023 Sonova Denmark will continue to adapt and develop our business model to the customers needs. We expect our sales to increase with 5% corresponding to a total revenue of MDKK 166 across all sales channels and divisions. Sales to be driven by ongoing and new sales initiatives based on the current market situation.

On the basis we expect net profit to end up at 4,9 MDKK.

Expected developments

We expect that the market will return to a normalized growth rate, approximately +3%, after a market of growth of +8% driven by a pendant up demand from covid 19.

Events after the balance sheet date

No events after the balance sheet data have occurred which materially affected the Company's position.

Financial statements 1 April – 31 March

Income statement

DKK'000	Note	2021/22	2020/21
Revenue		157,992	117,680
Cost of raw materials and consumables		-135,138	-89,880
Other operating income	2	0	1,452
Other external costs		-5,040	-6,106
Gross profit		17,814	23,146
Staff costs	3	-16,503	-16,839
Depreciation, amortisation and impairment losses		-294	-296
Other operating costs		-95	0
Profit before financial income and expenses		922	6,011
Other financial income		0	4
Other financial expenses		-85	-40
Profit before tax		837	5,975
Tax on profit for the year	4	-191	-1,283
Profit for the year	5	646	4,692

Financial statements 1 April – 31 March

Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Land and buildings		4,780	5,021
Fixtures and fittings, tools and equipment		92	128
		<u>4,872</u>	<u>5,149</u>
Total fixed assets		<u>4,872</u>	<u>5,149</u>
Current assets			
Inventories			
Finished goods and goods for resale		3,974	2,005
Receivables			
Trade receivables		16,774	16,418
Receivables from group entities		12,685	27,633
Prepayments	7	94	80
		<u>29,553</u>	<u>44,131</u>
Total current assets		<u>33,527</u>	<u>46,136</u>
TOTAL ASSETS		<u><u>38,399</u></u>	<u><u>51,285</u></u>

Financial statements 1 April – 31 March

Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	14,182	14,182
Retained earnings		5,214	4,568
Proposed dividends for the financial year		0	4,000
Total equity		19,396	22,750
Provisions			
Provisions for deferred tax	9	24	263
Other provisions	10	9,782	8,112
Total provisions		9,806	8,375
Liabilities other than provisions			
Non-current liabilities other than provisions			
Other payables		0	1,381
Current liabilities other than provisions			
Trade payables		1,357	1,057
Payables to group entities		0	9,410
Corporation tax		64	1,303
Other payables		7,776	7,009
		9,197	18,779
Total liabilities other than provisions		9,197	20,160
TOTAL EQUITY AND LIABILITIES		38,399	51,285
Contractual obligations, contingencies, etc.	11		
Mortgages and collateral	12		
Related party disclosures	13		
Disclosure of events after the balance sheet date	14		

Financial statements 1 April – 31 March

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 April 2021	14,182	4,568	4,000	22,750
Ordinary dividends paid	0	0	-4,000	-4,000
Transferred over the profit appropriation	0	646	0	646
Equity at 31 March 2022	14,182	5,214	0	19,396

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of Sonova Denmark A/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Sonova Holding AG .

Recognition and measurement in general

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

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

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

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

Danish kroner is used at the measurement currency. All other currencies are regarded as foreign currencies.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discount relating to sales.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses 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.

Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings 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 on which the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	30-40 years
Fixtures and fittings, tools and equipment	3-7 years

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

The residual value of buildings is 20% and fixtures and fittings, tools and equipment 0-20%.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Leases

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

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

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

The cost of inventories equals landed cost.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The Company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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 as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Provisions

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

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Other provisions include warranty obligations in respect of repair work within the warranty period of 2-4 years. Provisions are measured and recognised based on experience with guarantee work.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the 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 cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 April – 31 March

Notes

2 Other operating income

Other operating income includes special items comprising compensation under COVID-19 government aid packages of DKK 0 thousand (2020/21:DKK 1,452 thousand).

3 Staff costs

DKK'000	<u>2021/22</u>	<u>2020/21</u>
Staff costs		
Wages and salaries	15,350	15,545
Pensions	1,153	1,217
Other social security costs	<u>0</u>	<u>77</u>
	<u>16,503</u>	<u>16,839</u>
	<u>27</u>	<u>28</u>

By reference to section 98b(3),(ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

4 Tax on profit for the year

Current tax for the year	430	1,547
Deferred tax for the year	<u>-239</u>	<u>-264</u>
	<u>191</u>	<u>1,283</u>

5 Proposed profit appropriation

Proposed dividends for the year	0	4,000
Retained earnings	<u>646</u>	<u>692</u>
	<u>646</u>	<u>4,692</u>

Financial statements 1 April – 31 March

Notes

6 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2021	10,557	6,342	16,899
Additions for the year	0	17	17
Cost at 31 March 2022	10,557	6,359	16,916
Depreciation and impairment losses at 1 April 2021	-5,536	-6,214	-11,750
Depreciation for the year	-241	-53	-294
Depreciation and impairment losses at 31 March 2022	-5,777	-6,267	-12,044
Carrying amount at 31 March 2022	4,780	92	4,872

7 Prepayments

DKK'000	2022	2021
Software	25	0
Insurance	35	39
Other counseling	34	41
	94	80
	0	0

8 Equity

The contributed capital consists of 14.182 shares, each with a nominal value of DKK 1,000. All shares rank equally.

Share capital has not changed in the last 5 years.

9 Provisions for deferred tax

Provisions for deferred tax 1 April	263	526
Deferred tax of the results for the year	-239	-263
	24	263

Financial statements 1 April – 31 March

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10 Other provisions

DKK'000	2022	2021
Other provisions		
Other provisions 1 April	8,112	8,013
Change of the year in other provisions	1,670	99
	<u>9,782</u>	<u>8,112</u>
	<u><u>9,782</u></u>	<u><u>8,112</u></u>
Maturity is expected to be:		
0-1 years	4,608	4,153
1-5 years	5,174	3,959
	<u>9,782</u>	<u>8,112</u>
	<u><u>9,782</u></u>	<u><u>8,112</u></u>

Provisions include expected expenses relating to warranty obligations. Warranty obligations include the obligation to provide repair work within the 3-4 year warranty period. The provisions for this are calculated on the basis of our experience with warranty work.

11 Contractual obligations, contingencies, etc.

Contingent liabilities

Joint taxation

The Company acts as administration Company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The Company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the Company's liabilities.

Operating lease obligations

In addition to financial leasing contracts, the Company has entered into operational leasing contracts with an average annual leasing payment of DKK 593 thousand. The leasing contracts have 8-35 months left to run, and the total outstanding leasing payment is DKK 1,145 thousand, of which DKK 593 thousand is due within 1 year and DKK 552 thousand is due between 2-3 years.

12 Mortgages and collateral

Mortgage deeds registered to the mortgagor totalling DKK 3,138 thousand, providing security on land and buildings at a total carrying amount of DKK 4,780 thousand.

Financial statements 1 April – 31 March

Notes

13 Related party disclosures

Sonova Denmark A/S' related parties comprise the following:

Control

Sonova Holding AG, Laubisrütisstrasse 28, 8712 Stäfa, Switzerland.

Sonova Holding AG holds the majority of the contributed capital in the Company.

Sonova Denmark A/S is part of the consolidated financial statements of Sonova Holding AG, Laubisrütisstrasse 28, 8712 Stäfa, Switzerland, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Sonova Holding AG can be obtained by contacting the Company at the address above.

Related party transactions

The Company has the following related party transactions:

DKK'000	<u>2021/22</u>	<u>2020/21</u>
Purchase of goods from group entities	121,948	80,602
Purchase of services from group entities	5,019	7,141
Sale of service to group entities	0	1,748
Receivables from group entities	8,248	27,633
Payables to group entities	110	9,410

14 Disclosure of events after the balance sheet date

No material events have occurred after 31 March 2022.