WIDEX
HIGH DEFINITION HEARING

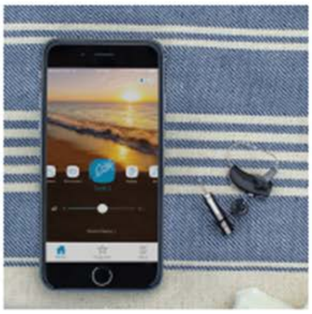
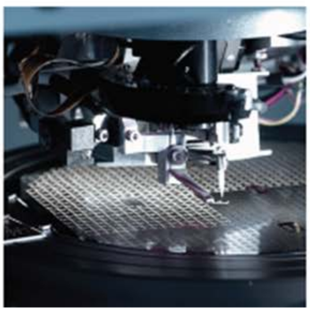



ANNUAL **REPORT**

MAY 1, 2016 - APRIL 30, 2017






WIDEX A/S

COMPANY REG. NO 1577 1100

This annual report has been submitted and approved by the Annual General Meeting on August 25, 2017

Henrik Skak Bender
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

The board of directors and the managing director have today presented the annual report of Widex A/S for the financial year 1 May 2016 to 30 April 2017.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 30 April 2017, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 May 2016 to 30 April 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Lynge, 6 July 2017

Managing Director

Jørgen Jensen

Board of directors

Jan Tøpholm Chairman of the board	Anders Westermann	Søren Westermann
Richard Tøpholm	Lars Vinge Frederiksen	Ulrik Bülow
Julian Tøpholm		

To the shareholders of Widex A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Widex A/S for the financial year 1 May 2016 to 30 April 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 30 April 2017 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 May 2016 to 30 April 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 6 July 2017

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro
State Authorised Public Accountant

The company	Widex A/S Nymøllevej 6 3540 Lynge	
	Web site	www.widex.com
	Company reg. no.	15 77 11 00
	Domicile:	Allerød
	Financial year:	1 May 2016 - 30 April 2017 25th financial year
Board of directors	Jan Tøpholm, Chairman of the board Anders Westermann Søren Westermann Richard Tøpholm Lars Vinge Frederiksen Ulrik Bülow Julian Tøpholm	
Managing Director	Jørgen Jensen	
Auditors	Christensen Kjærulff State Authorized Public Accountants Store Kongensgade 68 1264 København K	
Parent company	Widex Holding A/S, Nymøllevej 6, 3540 Lynge	

DKK in thousands.	2016/17	2015/16	2014/15	2013/14	2012/13
Profit and loss account:					
Net turnover	4.346.240	3.855.087	3.276.735	3.107.116	3.129.842
Normalized EBITA	789.691	682.319	418.440	280.621	85.469
Results from operating activities	528.142	442.859	203.570	-44.251	-201.266
Net financials	-45.020	-25.359	-8.692	-70.931	-48.513
Results for the year	372.247	270.800	142.489	-104.877	-242.621
Balance sheet:					
Balance sheet sum	4.324.312	3.539.503	3.119.819	3.048.912	3.350.616
Investments in tangible fixed assets represent	151.998	117.678	53.619	60.046	149.010
Equity	1.935.580	1.520.650	1.280.275	1.009.159	1.233.774
Net Working Capital (NWC)	693.406	623.489	648.467	741.566	772.860
Cash flow:					
Operating activities	521.881	686.225	559.737	167.419	-98.633
Investment activities	-831.719	-612.656	-185.389	-231.289	-508.413
Financing activities	309.165	-161.146	-335.879	54.187	521.995
Employees:					
Average number of full time employees	4.035	3.956	3.700	3.604	3.682
Key figures in %:					
Normalized EBITA margin	18,2	17,7	12,8	9,0	2,7
Profit margin (EBIT margin)	12,2	11,5	6,2	-	-
Solvency ratio	43,6	43,0	41,0	33,1	36,8
Return on equity	21,0	19,3	12,4	-	-

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

Previously the key figures 'Result for the year' and 'Equity' have been recorded after reduction for minority interests. From this year the key figures 'Result for the year' and 'Equity' are recorded before reduction for minority interests. The key figures for the previous years are not adjusted accordingly.

The key figures appearing from the survey have been calculated as follows:

Normalized EBITA margin	$\frac{\text{Normalized EBITA x 100}}{\text{Net turnover}}$
Profit margin (EBIT margin)	$\frac{\text{Results from primary activities (EBIT) x 100}}{\text{Net turnover}}$
Solvency ratio	$\frac{\text{Equity less minority interests, closing balance x 100}}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{*Results x 100}}{\text{Average equity exclusive of minority interests}}$
***Results**	Results for the year with deduction of minority interests' share of same

The principal activities of the group

Widex A/S (Widex) develops and manufactures hearing aids and associated complementary products that are sold globally through 38 own sales companies and independent distributors in more than 100 countries around the world.

Development in activities and financial matters

In 2016/17, Widex realised a net turnover of DKK 4.346 million. Adjusted for foreign exchange rates, net turnover increased by 12,4% (including foreign exchange rate effects, net turnover increased by 12,7%). Adjusted for foreign exchange rates competitors reported growth of 8%-12% in the same period, indicating that Widex has increased its market share.

Gross results ended at DKK 3.015 million or 69,4% of net turnover, which is an improvement of 1,3 percentage-points compared to last year. This improvement stems from continued reductions in production costs combined with stable average sales prices in the market, driven in part by the launch of the new BEYOND™ product in December 2016.

Adjusted for non-recurring costs, Earnings Before Interest, Tax and Amortizations (normalized EBITA) rose by 15,7% to DKK 790 million from DKK 682 million in 2015/16, corresponding to 18,2% of net turnover. In 2015/16, normalized EBITA was 17,7% of net turnover. The non-recurring costs in the financial year are mainly related to severance costs associated with the move of production, restructuring of the back-office set-up and a loss on a sale of a building. These non-recurring costs affected EBITA negatively with DKK 40 million in 2016/17.

Results after tax ended at DKK 372 million (DKK 357 million after minority interests) compared to results after tax of DKK 284 million (DKK 271 million after minority interests) last financial year. Results after tax were affected negatively by foreign exchange losses, but positively by lower tax for the year.

Net working capital (NWC) ended at DKK 693 million or 16,0% of net turnover compared to DKK 623 million or 16,2% of net turnover last year. The increase in NWC of DKK 70 million is a result of higher trade debtors due to higher sales and higher inventories due to the recent BEYOND launch, partly offset by higher trade creditors driven by better payment terms from suppliers.

With a growth of 12,7% driven by a stronger global commercial approach and the BEYOND launch, and an improvement of DKK 108 million in normalized EBITA, management considers the results very satisfactory, and believes that Widex is well positioned for further profitable growth.

The market continues to be characterised by changing purchasing patterns that are moving increasing volumes towards larger buying groups and retail chains. Despite this, Widex managed to maintain its average sales price while still gaining market share thanks to a strong product portfolio. The portfolio was reinforced during the year with several product launches, in particular the BEYOND launch. Moving forward, Widex will continue to invest significantly in new product development to strengthen its product portfolio even further.

The restructuring and streamlining process named the IMPACT strategy (Improve, Profitability, Agility, Customer focus and become Truly global), which has taken place in recent years, will continue in 2017/2018 and is expected to continue to have positive effect on both net turnover and earnings.

Special risks

Exchange rate risks:

With a global presence in more than 100 countries, Widex is exposed to financial risks in connection with fluctuations in exchange rates. In response to this, the group has to a very limited extent used financial products for hedging when relevant. There were no open financial hedging contracts at the end of the financial year.

Management does not believe that the group is exposed to any business or financial risks to an extent that significantly deviates from what is generally seen in the industry.

Knowledge resources

Widex's specialized workforce and high level of internal knowledge are crucial for the company's ability to maintain and develop its position on the global hearing aid market. Widex therefore works to maintain a high level of skills through the continued recruitment and retention of competent and dynamic employees. As part of this, considerable resources are spent on knowledge sharing, training, education and communication within the Widex group.

Furthermore, the group cooperates closely with a large network of external experts, particularly in the field of audiology.

Research and development activities

Widex has almost six decades of experience in conducting research and developing new technology and methods to overcome hearing loss. To maintain its position as a technology leader in a highly competitive market, the group continued to strengthen its research and development department during the financial year. Total research and development costs during 2016/17 represented almost 10% of net turnover. All internal research and development costs are expensed as the costs relate to the development of the full product portfolio.

The expected development

The group will continue to strengthen the business to increase sales and earnings. This will be done through a well-defined market approach strategy, new product launches and the continuous optimisation of production as part of the continuation of the IMPACT strategy. Through these initiatives, management expects to be able to bring the earnings level fully on a par with leading manufacturers in the industry in the coming year. Widex will therefore maintain an ambitious investment and activity level in development, sales and marketing to prepare the organization for further growth.

Events subsequent to the financial year

In the opinion of the Board of Directors, no events have occurred after the end of the financial year that could substantially affect the group's financial position.

Statement of corporate social responsibility

The Widex CSR Declaration, adopted in 2012, outlines the framework for the company's commitment to CSR. The Declaration is translated into action through three focus areas for 2012-2017: Energy and Climate, Social Engagement and Sustainable Packaging.

Energy and Climate

Widex has a strong environmental focus. Widex headquarters are almost CO2-neutral and Widex is a WindMade certified organization.

In 2012, the European Commission established the European Energy Efficiency Directive which contains a set of binding measures to help the EU reach its 20% energy efficiency target by 2020. EU countries were required to transpose the Directive's provisions into their national laws by 5 June 2014. As part of this legal framework, all large companies in Denmark are now requested to conduct an energy audit every fourth year.

Widex has been a first mover in this respect and was one of the first Danish companies to carry out an energy audit in 2015/16 to meet the European Union Energy Efficiency Directive. It has become a benchmark for other Danish companies who are currently in the same process.

At the same time, a new internal environmental policy was introduced to ensure sustainable production processes. The group has continued the commitment to reducing its carbon footprint through a series of energy-saving measures, including the recycling of waste at headquarters, and use of new packaging material.

Social Engagement

Widex is committed to the global fight against stigma related to hearing loss, and was among other the main sponsor of the World Deaf Golf Championship 2016.

Widex supports the Red Cross through the Red Cross Business Partnership programme, and the group’s social engagement is also reflected in cooperation with the local municipality of Allerød on the rehabilitation of people with social problems as well as donations for local sports clubs.

Human rights and business ethics

Widex continuously seeks to support and respect the protection of internationally-recognised human rights. The company strives to always conduct business in an ethical and transparent manner and to ensure that the company’s business partners are not complicit in violations of human rights. As part of this a new code of conduct has been formulated and it will be launched in the global organization during 2017.

Diversity and gender

Widex wishes to promote diversity at all levels of the company. Discrimination and harassment are not tolerated in any form. In 2016 and 2017, a series of new policies including the updated code of conduct have been introduced to support this commitment.

Widex wishes to promote equal opportunities for both men and women at all levels of the organization. Widex group employs 448 people globally with managerial responsibility and of these 42 % are women. Widex A/S employs 86 people with senior managerial responsibility. Out of these, 25 are women, and several women have been promoted internally to senior management positions during 2016/17. The share of women in positions with managerial responsibility is considered to be at an acceptable level and the policies introduced in the last two financial years will help ensure equal opportunities also in the future.

The Board of Directors currently consists of seven members, five of whom are representatives of the owner families. The target is that the share of women should be minimum two members on the board by 2020. The board composition will be reviewed on a bi-annual basis.

Widex headquarters has received highest rating for its working environment and Widex A/S has introduced a global employee engagement survey every second year to monitor and strengthen employee engagement and satisfaction on a global level.

DKK in thousands.

Note		Group 2016/17	Group 2015/16	Parent enterprise 2016/17	Parent enterprise 2015/16
1	Net turnover	4.346.240	3.855.087	1.689.206	1.785.665
	Production costs	-1.330.801	-1.231.605	-878.169	-819.283
	Gross results	**3.015.439**	**2.623.482**	**811.037**	**966.382**
	Distribution costs	-1.791.627	-1.552.705	-205.031	-205.445
	Administration costs	-709.310	-662.938	-258.786	-267.112
	Other operating income	13.640	35.020	631	35.020
	Operating profit	**528.142**	**442.859**	**347.851**	**528.845**
	Income from equity investments in group enterprises	0	0	64.406	-164.412
	Income from equity investments in associated enterprises	-2.657	1.111	-3.100	1.034
	Income from other equity investments, securities and debtors which are fixed assets	-4.145	0	-4.145	0
	Other financial income from group enterprises	0	0	30.756	14.648
	Other financial income	52.788	87.210	33.896	71.955
2	Other financial costs	-91.006	-113.680	-31.023	-70.929
	Financing, net	-45.020	-25.359	90.790	-147.704
	Results before tax	**483.122**	**417.500**	**438.641**	**381.141**
3	Tax of the result for the year	-110.875	-133.666	-81.264	-110.341
	Results after tax	**372.247**	**283.834**	**357.377**	**270.800**
	The minority interests' share of the results of the subsidiaries	-	-13.034	-	-
4	**Results for the year/The group share of the results for the year**	**372.247**	**270.800**	**357.377**	**270.800**
	Results for the group are specified as follows:				
	Shareholders of Widex A/S	357.377			
	Minority interests	14.870			
		372.247			

DKK in thousands.

Assets

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Fixed assets				
5	Acquired concessions, patents, licenses, trademarks and similar rights	264.902	376.280	126.488	134.102
6	Goodwill	1.161.201	697.690	0	0
	Intangible fixed assets in total	1.426.103	1.073.970	126.488	134.102
7	Land and property	176.771	216.346	2.357	2.548
8	Production plant and machinery	129.576	93.865	111.175	74.366
9	Other plants, operating assets, and fixtures and furniture	134.164	83.060	30.084	10.046
10	Tangible assets under construction and prepayments for tangible assets	13.681	26.438	11.053	26.269
	Tangible fixed assets in total	454.192	419.709	154.669	113.229
11	Equity investments in group enterprises	0	0	1.434.052	1.323.453
12	Amounts owed by group enterprises	0	0	1.233.975	593.761
13	Equity investments in associated enterprises	43.246	44.857	32.215	35.315
14	Amounts owed by associated enterprises	39.388	39.819	39.388	39.819
15	Other securities and equity investments	9.583	21.889	3.138	7.588
16	Other debtors	363.665	197.540	98.588	33.424
	Financial fixed assets in total	455.882	304.105	2.841.356	2.033.360
	Fixed assets in total	**2.336.177**	**1.797.784**	**3.122.513**	**2.280.691**

DKK in thousands.

Assets

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Current assets				
	Raw materials and consumables	36.506	40.711	24.972	27.912
	Work in progress	143.569	155.041	142.732	154.652
	Manufactured goods and trade goods	246.201	243.569	19.662	31.737
	Prepayments for goods	2.142	758	2.142	0
	Inventories in total	428.418	440.079	189.508	214.301
	Trade debtors	725.215	614.422	46.945	83.580
	Amounts owed by group enterprises	0	0	343.687	253.138
	Amounts owed by associated enterprises	21.778	8.076	21.632	6.940
17	Deferred tax assets	145.571	132.982	7.239	555
	Other debtors	275.295	155.805	142.691	64.899
18	Deferred expenses	48.587	43.337	14.636	15.470
	Debtors in total	1.216.446	954.622	576.830	424.582
	Other securities and equity investments	7.236	10.310	0	0
	Securities in total	7.236	10.310	0	0
	Cash funds	336.035	336.708	42.840	53.824
	Current assets in total	**1.988.135**	**1.741.719**	**809.178**	**692.707**
	Assets in total	**4.324.312**	**3.539.503**	**3.931.691**	**2.973.398**

DKK in thousands.

Equity and liabilities

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Equity				
19	Contributed capital	30.000	30.000	30.000	30.000
	Results brought forward	1.853.851	1.490.650	1.853.851	1.490.650
	Equity before non-controlling interests	1.883.851	1.520.650	1.883.851	1.520.650
	Minority interests	51.729	-	-	-
	Equity in total	**1.935.580**	**1.520.650**	**1.883.851**	**1.520.650**
	Minority interests	-	54.642	-	-
	Minority interests in total	**0**	**54.642**	**0**	**0**
	Provisions				
20	Provisions for pensions and similar obligations	14.479	15.872	0	0
17	Provisions for deferred tax	726	0	0	0
21	Other provisions	146.678	224.523	500	700
	Provisions in total	**161.883**	**240.395**	**500**	**700**

DKK in thousands.

Equity and liabilities

Note		Group 2017	Group 2016	Parent enterprise 2017	Parent enterprise 2016
	Liabilities				
22	Bank debts	1.199	2.243	0	0
23	Other debts	240.292	178.226	186.598	142.973
	Long-term liabilities in total	241.491	180.469	186.598	142.973
	Bank debts	16.168	39.834	726	23.324
	Prepayments received from customers	2.816	2.153	0	0
	Trade creditors	335.609	388.216	162.896	154.685
	Debt to group enterprises	964.779	712.063	1.387.414	859.547
	Debt to related parties	92.147	0	92.147	0
	Corporate tax	106.376	153.216	90.114	134.256
	Other debts	467.463	247.865	127.445	137.263
	Short-term liabilities in total	1.985.358	1.543.347	1.860.742	1.309.075
	Liabilities in total	**2.226.849**	**1.723.816**	**2.047.340**	**1.452.048**
	Equity and liabilities in total	**4.324.312**	**3.539.503**	**3.931.691**	**2.973.398**

24 Staff matters

25 Fee, auditor

26 Contingencies

27 Related parties

Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	Minority interests	In total
Equity 1 May 2015	30.000	1.250.276		1.280.276
Profit or loss for the year brought forward	0	270.800		270.800
Currency translation of investments	0	-30.426		-30.426
Equity 30 April 2016	**30.000**	**1.490.650**		**1.520.650**
Equity 1 May 2016	30.000	1.490.650	54.642	1.575.292
Profit or loss for the year brought forward	0	357.377	14.870	372.247
Currency translation of investments	0	5.824	-7.293	-1.469
Additions and disposals, net	0	0	497	497
Dividends to shareholders	0	0	-10.987	-10.987
	30.000	**1.853.851**	**51.729**	**1.935.580**

Statement of changes in equity of the parent enterprise

DKK in thousands.

	Contributed capital	Results brought forward	In total
Equity 1 May 2015	30.000	1.250.276	1.280.276
Profit or loss for the year brought forward	0	270.800	270.800
Currency translation of investments	0	-30.426	-30.426
Equity 1 May 2016	30.000	1.490.650	1.520.650
Profit or loss for the year brought forward	0	357.377	357.377
Currency translation of investments	0	5.824	5.824
	30.000	**1.853.851**	**1.883.851**

DKK in thousands.

Note		Group 2016/17	2015/16
	Results for the year	372.247	270.800
28	Adjustments	362.463	380.774
29	Change in working capital	-7.851	144.597
	Cash flow from operating activities before net financials	726.859	796.171
	Interest received and similar amounts	52.788	16.626
	Interest paid and similar amounts	-89.683	-113.680
	Cash flow from ordinary activities	689.964	699.117
	Corporate tax paid	-168.083	-12.892
	Cash flow from operating activities	**521.881**	**686.225**
	Purchase of intangible fixed assets	-554.576	-526.024
	Purchase of tangible fixed assets	-151.998	-117.678
	Sale of tangible fixed assets	38.302	57.141
	Purchase of financial fixed assets	-165.819	-72.524
	Sale of financial fixed assets	0	88.830
	Sale/purchase of financial instruments and other financial assets	2.372	-6.972
	Other cash flows from investment activities	0	-35.429
	Cash flow from investment activities	**-831.719**	**-612.656**
	Repayment/raising of long-term debt	-1.044	396
	Dividends distributed	-10.987	-5.195
	Available funds	-23.667	22.244
	Raising/repayment of debt to group enterprises and related parties	344.863	-178.591
	Cash flow from financing activities	**309.165**	**-161.146**
	Changes in cash funds	**-673**	**-87.577**
	Cash funds 1 May	336.708	424.285
	Cash funds 30 April	**336.035**	**336.708**

DKK in thousands.

1. Net turnover

	Group	
	2016/17	2015/16
America's	1.745.665	1.481.399
Western Europe	1.288.524	1.230.644
Eastern Europe	333.375	313.784
APAC and rest	978.676	829.260
Sales in total	**4.346.240**	**3.855.087**

Management believes that other information in accordance with § 96 of the Danish Financial Statements Act on the break-down of activities may create a competitive unwanted attention and focus on its core areas. The information may contribute to competing enterprises' strategic decision-making and thus the company will suffer significant injury.

As a result, the Group, pursuant to § 96 (3) of the Danish Financial Statements Act, chooses not to disclose this information.

	Group		Parent enterprise	
	2016/17	2015/16	2016/17	2015/16
2. Other financial costs				
Financial costs, group enterprises	26.891	21.491	29.392	24.379
Other financial costs	64.115	92.189	1.631	46.550
	91.006	**113.680**	**31.023**	**70.929**
3. Tax of the result for the year				
Tax of the result for the year	129.746	167.786	90.114	123.056
Adjustment for the year of deferred tax	-10.544	-37.802	-6.684	-15.226
Adjustment of tax for previous years	-8.327	3.682	-2.166	2.511
	110.875	**133.666**	**81.264**	**110.341**
4. Proposed distribution of the results				
Allocated to results brought forward			357.377	270.800
Distribution in total			**357.377**	**270.800**

DKK in thousands.

		Group 30/4 2017	Group 30/4 2016	Parent enterprise 30/4 2017	Parent enterprise 30/4 2016
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**				
	Cost 1 May	636.469	597.242	247.213	194.003
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	997	-18.903	0	0
	Additions during the year	55.079	75.879	27.090	53.210
	Disposals during the year	-2.493	-17.749	0	0
	Transfers	-102.887	0	0	0
	Cost 30 April	**587.165**	**636.469**	**274.303**	**247.213**
	Amortisation and writedown 1 May	-260.189	-223.821	-113.111	-88.081
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	-115	7.150	0	0
	Amortisation and writedown for the year	-64.090	-52.152	-34.704	-25.030
	Amortisation and writedown, assets disposed of	2.131	8.634	0	0
	Amortisation and writedown 30 April	**-322.263**	**-260.189**	**-147.815**	**-113.111**
	Book value 30 April	**264.902**	**376.280**	**126.488**	**134.102**
6.	**Goodwill**				
	Cost 1 May	1.714.498	1.320.570	60.000	60.000
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	12.722	-33.104	0	0
	Additions during the year	511.391	459.260	0	0
	Disposals during the year	-12.530	-32.228	0	0
	Transfers	102.887	0	0	0
	Cost 30 April	**2.328.968**	**1.714.498**	**60.000**	**60.000**
	Amortisation and writedown 1 May	-1.016.808	-880.436	-60.000	-60.000
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	8.256	19.577	0	0
	Amortisation and writedown for the year	-160.214	-183.427	0	0
	Amortisation and writedown, assets disposed of	999	27.478	0	0
	Amortisation and writedown 30 April	**-1.167.767**	**-1.016.808**	**-60.000**	**-60.000**
	Book value 30 April	**1.161.201**	**697.690**	**0**	**0**

DKK in thousands.

		Group 30/4 2017	Group 30/4 2016	Parent enterprise 30/4 2017	Parent enterprise 30/4 2016
7.	**Land and property**				
	Cost 1 May	302.835	378.638	6.003	6.003
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	5.959	-17.402	0	0
	Additions during the year	2.667	1.914	0	0
	Disposals during the year	-60.004	-60.315	0	0
	Transfers	174	0	174	0
	Cost 30 April	**251.631**	**302.835**	**6.177**	**6.003**
	Depreciation and writedown 1 May	-86.489	-94.896	-3.455	-3.278
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	-936	4.017	0	0
	Depreciation and writedown for the year	-8.641	-12.217	-191	-177
	Transfers	-174	0	-174	0
	Depreciation and writedown, assets disposed of	21.380	16.607	0	0
	Depreciation and writedown 30 April	**-74.860**	**-86.489**	**-3.820**	**-3.455**
	Book value 30 April	**176.771**	**216.346**	**2.357**	**2.548**
8.	**Production plant and machinery**				
	Cost 1 May	416.533	392.211	310.795	287.742
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	3.828	-1.396	0	0
	Additions during the year	48.305	33.452	38.946	24.009
	Disposals during the year	-7.007	-7.734	0	-956
	Transfers	23.571	0	23.571	0
	Cost 30 April	**485.230**	**416.533**	**373.312**	**310.795**
	Depreciation and writedown 1 May	-322.668	-301.828	-236.429	-214.467
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	-3.332	766	0	0
	Depreciation and writedown for the year	-37.841	-30.364	-28.406	-22.874
	Transfers	2.698	0	2.698	0
	Depreciation and writedown, assets disposed of	5.489	8.758	0	912
	Depreciation and writedown 30 April	**-355.654**	**-322.668**	**-262.137**	**-236.429**
	Book value 30 April	**129.576**	**93.865**	**111.175**	**74.366**

DKK in thousands.

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
9.	**Other plants, operating assets, and fixtures and furniture**				
	Cost 1 May	353.144	314.120	61.465	60.643
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	5.512	-6.543	0	0
	Additions during the year	87.410	64.483	23.057	822
	Disposals during the year	-21.122	-18.916	0	0
	Additions by company purchase	29.009	0	0	0
	Cost 30 April	**453.953**	**353.144**	**84.522**	**61.465**
	Depreciation and writedown 1 May	-270.084	-242.938	-51.419	-49.210
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	-4.584	31	0	0
	Depreciation and writedown for the year	-31.353	-29.952	-3.019	-2.209
	Additions by company purchase	-27.298	0	0	0
	Depreciation and writedown, assets disposed of	13.530	2.775	0	0
	Depreciation and writedown 30 April	**-319.789**	**-270.084**	**-54.438**	**-51.419**
	Book value 30 April	**134.164**	**83.060**	**30.084**	**10.046**

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
10.	**Tangible assets under construction and prepayments for tangible assets**				
	Cost 1 May	26.438	8.925	26.269	5.457
	Translation by use of the exchange rate prevaling at balance sheet date 30 April	29	-316	0	0
	Additions during the year	13.616	21.503	11.053	20.812
	Transfers	-26.402	-3.674	-26.269	0
	Cost 30 April	**13.681**	**26.438**	**11.053**	**26.269**
	Book value 30 April	**13.681**	**26.438**	**11.053**	**26.269**

DKK in thousands.

		Parent enterprise 30/4 2017	30/4 2016
11.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 May	3.197.669	2.888.762
	Transfers	306	0
	Additions during the year	67.783	384.471
	Disposals during the year	-3.780	-75.565
	Cost 30 April	**3.261.978**	**3.197.668**
	Revaluations, opening balance 1 May	-1.376.135	-793.506
	Translation by use of the exchange rate prevaling at balance sheet date	3.551	-35.614
	Results for the year before goodwill amortisation	104.005	-63.554
	Reversals for the year concerning disposals	0	39.052
	Dividend	-13.497	-522.513
	Revaluation 30 April	**-1.282.076**	**-1.376.135**
	Amortisation of goodwill, opening balance 1 May	-528.975	-446.385
	Amortisation of goodwill for the year	-39.599	-100.858
	Reversal of amortisation of goodwill concerning disposals	0	18.268
	Depreciation on goodwill 30 April	**-568.574**	**-528.975**
	Offset against debtors	22.724	30.895
	Set off against debtors and provisions for liabilities	**22.724**	**30.895**
	Book value 30 April	**1.434.052**	**1.323.453**
	The items include goodwill with an amount of	202.604	231.116
	Goodwill is recognised under the item "Additions during the year" with an amount of	13.207	170.095

Group enterprises:

	Domicile	**Share of ownership**
Widex Argentina S.A.	Argentina	51 %
Widex Australia Pty. Ltd.	Australia	100 %
Active Hearing Pty. Ltd.	Australia	100 %
T.W. Electronic SA	Belgium	100 %
Widex Slušni Aparati d.o.o.	Bosnia and Herzegovina	60 %
Centro Auditivo Widex Brasitom Ltda.	Brazil	100 %
Centro Auditivo Santa Catarina Ltda.	Brazil	100 %
Coselgi Aparelhos Auditivos Ltda.	Brazil	80 %
TW Group Canada Inc.	Canada	100 %
Lifestyle Hearing Corportion Inc.	Canada	100 %
Widex Canada Ltd.	Canada	100 %
Widex Chile SpA	Chile	100 %

DKK in thousands.

Widex Hearing Aid (Shanghai) Co. Ltd.	China	100 %
Widex Colombia SAS	Colombia	30 %
Widex Line spol. s r.o.	Czech republic	100 %
Audiology Investment A/S	Denmark	100 %
Bloomhearing ApS	Denmark	100 %
Coselgi DK ApS	Denmark	100 %
Widex A/S	Denmark	100 %
Widex China Holding A/S	Denmark	100 %
Widex DK A/S	Denmark	100 %
Widex Eesti OÜ	Estonia	100 %
Widex Akustik Oy	Finland	100 %
Widex SAS	France	100 %
A A Retail Holding	France	100 %
Clermont Distribution SAS	France	97,8 %
Widex Hörgeräte GmbH	Germany	100 %
Widex Hong Kong Hearing & Speech Centre Ltd.	Hong Kong	100 %
Starry Hearing & Speech Centre Ltd.	Hong Kong	65 %
WIDEX-H Kft.	Hungary	100 %
Audiofon Kft.	Hungary	99 %
Widex India Private Limited	India	99,99 %
Bonavox Limited	Ireland	100 %
Celtic Hearing Limited	Ireland	100 %
Widex Italia S.r.l.	Italy	100 %
Cos.El.Gi - Costruzioni Elettroniche Gianetti - Societa Per Azi Oni	Italy	100 %
Widex Japan Co. Ltd.	Japan	100 %
Bloom Hearing Co. Ltd.	Japan	100 %
Widex Macau Hearing and Speech Centre Limited	Macau	49 %
Widex Hearing Aid Sdn Bhd	Malaysia	100 %
COW – Audición en Alta Definición S.A. de C.V.	Mexico	99 %
Veenhuis Medical Audio B.V.	The Netherlands	100 %
Widex Nederland B.V.	The Netherlands	100 %
Widex New Zealand Ltd.	New Zealand	100 %
Bloom Hearing Ltd.	New Zealand	100 %
Hearing Aid Specialists Ltd.	New Zealand	100 %
Medisan Høreapparater AS	Norway	100 %
Widex Poland Sp. Z o.o	Poland	60 %
Widex Regional Operation Center EMEA Sp. Z o.o.	Poland	100 %
Widex - Reabilitação Auditiva Unipessoal, Lda.	Portugal	100 %
Coselgi Portugal S.A.	Portugal	100 %
Widex OOO LLC	Russia	100 %
Widex Service OOO LLC	Russia	100 %
Widex Singapore Pte Ltd	Singapore	100 %
Widex - Slovton Slovakia s.r.o.	Slovakia	100 %
Widex trading d.o.o.	Slovenia	60 %

DKK in thousands.

Slušni aparati - Widex d.o.o.	Slovenia	61 %
Widex South Africa (Pty) Ltd.	South Africa	100 %
Widex Korea Ltd.	South Korea	100 %
Widex Audifonos S.A.	Spain	30 %
Widex Servicios Technicos S.A.	Spain	30 %
AB Widex	Sweden	100 %
Biocord AB	Sweden	100 %
Hörselhuset Aktiebolag	Sweden	100 %
Bloomhearing Specialists AB	Sweden	100 %
Widex Hörgeräte AG	Switzerland	100 %
PFAU Holding	Switzerland	100 %
D Med Hearing Center Limited	Thailand	38,46 %
Widex Tibbi ve Teknik Cihazlar San. ve Tic. A.S.	Turkey	70 %
ReOton Ltd.	Ukraine	100 %
Winster House Limited	United Kingdom	100 %
Widex UK Limited	United Kingdom	100 %
Coselgi UK Limited	United Kingdom	100 %
Widex Marketing Services Limited	United Kingdom	100 %
Bloom Hearing Specialists Limited	United Kingdom	100 %
Regional Hearing Specialists Ltd.	United Kingdom	100 %
Aberdeen Hearing Services Ltd.	United Kingdom	100 %
Acuitis Optical & Hearing Limited	United Kingdom	100 %
Lifestyle Hearing Corporation USA Inc.	USA	100 %
Helix Hearing Care (Florida) Partnership, LLC	USA	100 %
Helix Hearing Care (Texas) Partnership, LLC	USA	100 %
Helix Hearing Care (California), Inc.	USA	100 %
Helix Hearing Care (Ohio) Partnership, LLC	USA	100 %
Helix Care (Pensylvania), Inc.	USA	100 %
Audiology Management Group Inc	USA	100 %
Lifestyle Managed Care, LLC	USA	100 %
Lifestyle Hearing Professionals, LLC	USA	55 %
Physician Audiology Services, Inc.	USA	100 %
New Asheville Audiology Services, PLLC	USA	100 %
Happy Hearing, LLC	USA	100 %
Widex USA Inc.	USA	100 %

DKK in thousands.

		Parent enterprise	
		30/4 2017	30/4 2016
12.	**Amounts owed by group enterprises**		
	Cost 1 May	593.761	147.422
	Additions during the year	640.214	446.339
	Cost 30 April	**1.233.975**	**593.761**
	Book value 30 April	**1.233.975**	**593.761**

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
13.	**Equity investments in associated enterprises**				
	Acquisition sum, opening balance 1 May	42.993	2.545	33.516	0
	Translation by use of the exchange rate prevaling at balance sheet date	1.554	0	0	0
	Additions during the year	0	40.448	0	33.516
	Cost 30 April	**44.547**	**42.993**	**33.516**	**33.516**
	Revaluation, opening balance 1 May	2.601	753	2.536	765
	Translation by use of the exchange rate prevaling at balance sheet date	-65	0	0	0
	Results for the year before goodwill amortisation	-1.441	1.848	-1.441	1.771
	Revaluation 30 April	**1.095**	**2.601**	**1.095**	**2.536**
	Amortisation of goodwill, opening balance 1 May	-737	0	-737	0
	Amortisation of goodwill for the year	-1.659	-737	-1.659	-737
	Depreciation on goodwill 30 April	**-2.396**	**-737**	**-2.396**	**-737**
	Book value 30 April	**43.246**	**44.857**	**32.215**	**35.315**
	The items include goodwill with an amount of	14.124	15.784	14.124	15.784
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	16.521	0	16.521

Associated enterprises:

	Domicile	**Share of ownership**
HIMSA A/S (Denmark)	Copenhagen	25 %
Widex Audiofonos S.A. (Spain)	Barcelona	30 %
Widex Servicios Tech S.A. (Spain)	Barcelona	30 %
Widex Colombia (Colombia)	Santiago de Cali	30 %
D Med Hearing Center (Thailand)	Bangkok	38 %

DKK in thousands.

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
14.	**Amounts owed by associated enterprises**				
	Cost 1 May	39.819	39.819	39.819	39.819
	Disposals during the year	-431	0	-431	0
	Cost 30 April	**39.388**	**39.819**	**39.388**	**39.819**
	Book value 30 April	**39.388**	**39.819**	**39.388**	**39.819**

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
15.	**Other securities and equity investments**				
	Cost 1 May	21.788	17.300	7.488	11.282
	Additions during the year	0	8.801	0	519
	Disposals during the year	-8.161	-4.313	-306	-4.313
	Cost 30 April	**13.627**	**21.788**	**7.182**	**7.488**
	Revaluation 1 May	101	101	101	100
	Revaluation for the year	-4.145	0	-4.145	0
	Revaluation 30 April	**-4.044**	**101**	**-4.044**	**100**
	Book value 30 April	**9.583**	**21.889**	**3.138**	**7.588**

DKK in thousands.

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
16.	**Other debtors**				
	Cost 1 May	197.540	169.952	33.424	34.394
	Additions during the year	197.825	59.470	68.300	0
	Disposals during the year	-31.700	-31.882	-3.136	-970
	Cost 30 April	**363.665**	**197.540**	**98.588**	**33.424**
	Book value 30 April	**363.665**	**197.540**	**98.588**	**33.424**
17.	**Deferred tax assets**				
	Deferred tax assets 1 May	132.982	104.603	555	-14.671
	Translation by use of the exchange rate prevaling at balance sheet closing balance	1.319	0	0	0
	Deferred tax of the results for the year	10.544	28.379	6.684	15.226
	Deferred tax owed	726	0	0	0
		145.571	**132.982**	**7.239**	**555**

18. Deferred expenses

Deferred expenses comprise incurred costs concerning the next financial year.

19. Contributed capital

The share capital consists of 30.000.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

During the last 5 years no registrations of changes in the share capital have taken place.

DKK in thousands.

		Group		Parent enterprise	
		30/4 2017	30/4 2016	30/4 2017	30/4 2016
20.	**Provisions for pensions and similar obligations**				
	Provisions for pension obligations and similar obligations	14.479	15.872	0	0
		14.479	**15.872**	**0**	**0**
	Maturity is expected to be:				
	0-1 year	1.816	3.118	0	0
	1-5 years	5.577	6.125	0	0
	more than 5 years	7.086	6.629	0	0
		14.479	**15.872**	**0**	**0**
21.	**Other provisions**				
	Other provisions 1 May	146.678	224.523	500	700
		146.678	**224.523**	**500**	**700**
	0-1 year	76.957	118.867	250	350
	1-5 year	69.600	97.962	250	350
	more than 5 years	121	7.694	0	0
		146.678	**224.523**	**500**	**700**

22. Bank debts

Long-term liabilities are due for payment after 1 year and before 5 years.

23. Other debts

Long-term liabilities are due for payment after 1 year and before 5 years.

DKK in thousands.

		Group		Parent enterprise	
		2016/17	2015/16	2016/17	2015/16
24.	**Staff matters**				
	Wages and salaries	1.622.045	1.536.441	566.028	602.437
	Pension costs	75.131	57.594	41.738	38.402
	ATP and other social costs	178.314	102.287	5.902	6.477
	Other staff costs	20.467	29.181	20.048	19.138
		1.895.957	**1.725.503**	**633.716**	**666.454**
	Board of directors	2.950	2.950	2.950	2.950
	Average number of employees	4.035	3.956	794	781

25.	**Fee, auditor**				
	Fee concerning statutory audit	7.688	7.195	1.636	1.752
	Other services	2.302	1.715	827	469
		9.990	**8.910**	**2.463**	**2.221**

26. Contingencies

Contingent assets

Tax base of non-capitalized deferred tax assets amounts to t.DKK 60.000 and is mainly related to tax loss carryforwards for which there is a material uncertainty about future utilization. The tax loss carryforwards will not expire in the near future.

Leasing liabilities

The Group has entered into leases, primarily regarding office and production facilities as well as retail premises. Total rent commitments amount to t.DKK 1.349.869. In addition, the company has basic unrecognised re-establishment liabilities in relation to its leased premises. Previously, some of the re-establishment liabilities were recognised as provisions. Accounting estimates have been changed and the provisions are not expected to be made payable. This has resulted in a reduction of other provisions of t.DKK 8.736, which are recognised in the profit and loss account under the item “Distribution costs” of t.DKK 7.575 and in the balance sheet under the item “Other plants, operating assets, and fixtures and furniture” of t.DKK 1.161.

The Group has entered into operational leasing contracts with a total outstanding leasing payment of t.DKK 21.607.

The parent company has entered into rent contracts with an average annual payment of t.DKK 45.533. The leasing contracts have 19 years left to run, and the total outstanding payment is t.DKK 865.129.

The parent company has entered into operational leasing contracts with a total outstanding leasing payment of t.DKK 4.331.

DKK in thousands.

. **Contingencies (continued)**

Contingent liabilities (continued)

Recourse guarantee commitments:

The Group has provided guarantees for leases and payment guarantees etc. On 30 April 2017, total guarantees amount to t.DKK 42.712.

The parent company has provided guarantees for bank debts and payment guarantees of the group enterprises. On 30 April 2017, total bank debts of the group enterprises were t.DKK 47.617.

Joint taxation

Widex Holding A/S, company reg. no 28511809 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation 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 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes, etc. may cause changes in the company's liabilities.

27. **Related parties**

Transactions

All transactions with related parties are entered on market terms.

Within the Widex Group the "Resale Price Method" is used in the determination of transfer prices across the controlled sales companies. This implies that Widex A/S will make an adjustment of transfer prices for "Transactional Net Margin Method" (TNMM) to the sales companies which means that they will each receive a share of the Group's earnings calculated on arm's length terms.

DKK in thousands.

		Group 2016/17	2015/16
28.	**Adjustments**		
	Depreciation and amortisation	311.571	309.697
	Income from equity investments in associated enterprises	2.657	-1.111
	Other financial income	-48.643	-87.210
	Other financial costs	91.006	113.680
	Tax of the result for the year	110.875	133.666
	Other provisions	-79.238	-50.834
	Other adjustments	-25.765	-37.114
		362.463	**380.774**

		Group 2016/17	2015/16
29.	**Change in working capital**		
	Change in inventories	11.661	-38.762
	Change in debtors	-249.235	-94.393
	Change in trade creditors and other liabilities	167.657	156.512
	Changes in other long-term liabilities	62.066	121.240
		-7.851	**144.597**

The annual report for Widex A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The annual accounts are presented in Danish kroner (DKK) in thousands. Except as stated below, accounting policies are unchanged.

Changes in the accounting policies used

With effect as of 1 May 2016, the company has made an implementation of the Danish law no. 738 of 1 June 2015. This implies the following changes to the recognition and measurement of:

1 Minority interests:

Minority interests' share of equity at the beginning of the financial year, t.DKK 54.642 is reclassified to minority interests under equity. Until now, minority interests have been recognised as a separate item between equity and liabilities in the balance sheet.

In the profit and loss account, minority interests are recognised as a separate item in the management's proposal for distribution of the results. Until now, minority interests have been recognised as an expense in the profit and loss accounts.

None of the above changes have any monetary effect on the profit and loss account. The changes have been made in accordance with § 5 of the Danish Executive Order on Transition. The comparative figures as well as consolidated financial highlights are not adjusted accordingly.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Widex A/S and those group enterprises of which Widex A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. When making the assessment of assets and liabilities account is taken of any intra-group gains or losses as if the acquisition was made on intra-group basis. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item as part of equity in the balance sheet respectively.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Production costs

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. Trade enterprises recognise cost of sales, and manufacturing enterprises recognise production costs corresponding to the turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, and depreciation on the production plant.

Furthermore, the production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Research and development costs

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

Internal research and development costs are considered not to meet the criteria for capitalisation, why the costs are recognised as production costs in the profit and loss account in the year they are incurred.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Other operating income/costs

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises and associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful life. Amortisation period for goodwill and Group goodwill is determined on the basis of management's experience. The amortisation period of 10 years is determined on the basis of the expected repayment period, as the strategically acquired enterprises are considered to have a significant market position and an expected considerably long earnings profile. In all materiality the following useful lives are used:

Goodwill	10 years
Group goodwill	10 years
Software	3-5 years
Trademarks, patents and similar rights	5-10 years

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30-40	years
Production plants and machinery	5-10	years
Other plants, operating assets, fixtures and furniture	3-5	years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account together with depreciation.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers and payroll costs.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associated enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is 10 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Amounts owed by group and associated enterprises

Amounts owed by group and associated enterprises are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at fair value. The measurement is made on the basis of market and accounting information.

Other debtors

Other debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Deferred expenses

Deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Cash funds

Cash funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Provisions for pensions and other similar obligations

Provisions for pensions and other similar obligations comprise expected costs for pensions and other similar obligations. Provisions for pensions and other similar obligations are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Widex A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Deferred tax assets are mainly attributable to recognition of tax loss carryforwards. In accordance with the Danish Financial Statements Act, deferred tax assets are recognised at the values that are probable to be realised through future earnings. As a general rule, recognised losses are expected to be utilized by offsetting of positive taxable income within 3-5 years. This assessment is based on analyzes of budgets for the Group’s sales companies and the general expectations for future positive earnings in the Group.

Other provisions

Provisions comprise expected costs for guarantee liabilities, provisions for returns etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs of products within the guarantee period of 1-4 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. Measurement of guarantee commitments is adjusted as a result of changes in the accounting estimates for the development of the Group's internal transfer prices. This has resulted in a reduction of the Group's guarantee commitments of t.DKK 45.000, which are recognised in the profit and loss account under the item "Production costs".

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Cash funds

Cash funds comprise cash at bank and in hand.