

Sonova Audiological Care

Denmark ApS

Dyrehavevej 3, 2930 Klampenborg

Annual Report 1 April 2020 – 31 March 2021

Company reg.no. 16 75 31 81

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

On June 30, 2021

chairman of the annual general meeting – Tina Gath

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Statement by the the Executive Board

Today, the Executive Board has discussed and approved the annual report of Sonova Audiological Care Denmark ApS for the financial year 1 April 2020 to 31 March 2021 .

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 financial position of the Company at 31 March 2021 and of the results of its operations for the financial year 1 April 2020 – 31 March 2021.

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

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

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Klampenborg, 30 June 2021

Executive Board:

Peter Brøgger Andreasen

Tina Gath

Anette Pia Andersen

Independent auditor's report

To the shareholder of Sonova Audiological Care Denmark ApS

Opinion

We have audited the financial statements of Sonova Audiological Care Denmark ApS for the financial year 1 April – 31 March 2021, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 financial position of the Company at 31 March 2021 and of the results of the Company's operations for the financial year 1 April – 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Statement Act. We did not identify any material misstatement of the Management's review.

København, 30 June 2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised Public Accountant
mne 26736

Sonova Audiological Care Denmark ApS
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Management's review

Company details

Sonova Audiological Care Denmark ApS
Dyrehavevej 3, 2930 Klampenborg

Website: www.audionova.dk

CVR no.	16 75 31 81
Established:	1 January 1993
Registered office:	Klampenborg
Financial year:	1 April – 31 March

Executive Board

Peter Brøgger Andreasen
Tina Gath
Anette Pia Andersen

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Parent company

Sonova AG
Lubisrütistrasse 28
8712 Stäfa
Switzerland

Management's review

Financial highlights

DKK 000	2020/21	2019/20	2018/19	2017/18	2016/17 (15 months)
Revenue	186,586	198,743	184,496	163,998	191,256
Gross profit	89,098	75,442	68,305	61,633	61,932
Operating profit/loss	5,448	-2,366	-17,225	-26,304	-32,776
Net financials	-378	-1,358	-1,214	-423	-3,567
Profit/loss for the year	6,500	-3,840	-17,774	-19,161	-36,463
Total assets	105,169	105,527	102,496	83,221	58,557
Investments in property, plant and equipment	2,006	10,930	3,191	6,312	6,159
Equity	35,129	28,629	10,469	3,268	-17,498
Gross margin	46,3	36,2%	37,0%	37,6%	32,4%
Profit margin	2,9%	-1,2%	-9,3%	-16,0%	-17,1%
Acid test ratio	110,2%	165,4%	101,9%	57,3%	73,4%
Solvency ratio	33,4%	27,1%	12,5%	3,9%	-29,9%
Return on equity	26,3%	-19,6%	-84,9%	134,7%	255,9%
Average number of full-time employees	162	162	159	143	125

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.

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

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Net turnover}}$
Profit margin (EBIT margin)	$\frac{\text{Result from primary activities (EBIT)} \times 100}{\text{Net turnover}}$
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$
Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$
Return on equity	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

Management's review

The principal activities of the company

The Company's main activity is sales of hearing aid and related services.

Development in activities and financial matters

The revenue for the year is DKK 186,586 thousand against DKK 198,743 thousand last year. The results after tax are DKK 6,500 thousand against DKK -3,840 thousand last year. The result is in line with the Managements expectation.

In 2020/21 the Company has received DKK 7,354 thousand in Government grants related to compensation for the impact of Covid-19. This has been part of the relief for the Company. Although not fully in line with initial expectations due to impact of Covid-19 from mid March 2020, where our clinics were closed for approximately 2 months, the overall performance and results of our activities are considered to be satisfying. Successfully we have continued our value positioning focus and we have strengthened our internal balance in the dimensions of Employee engagement, Customer centricity and Business results further.

Increased competition from local ear, nose and throat doctors has led to a decrease in the total private market. Furthermore main competitors are showing strong indications and actions to grow. Despite challenges in the market the Company has managed to protect and gain shares in the private market.

Strategy

Sonova Audiological Care Denmark ApS offers a complete range of digital hearing instruments, wireless FM systems and personal hearing protection.

The development and manufacture of hearing instruments take place primarily in Stäfa, (Switzerland) where the Sonova Group has its headquarters and in Kitchener (Ontario, Canada), whereas wireless communication systems are manufactured in Murten (Switzerland).

Product innovation, customer focus and cost management are the three pillars in the strategy.

Financial 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 purchases take place in EUR and DKK while sales only take 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 outstandings are Regions and/or Municipalities.

External environment

Sonova Audiological Care Denmark ApS complies with existing rules on sorting and disposal of waste. The Company does not consider to have other significant impact on the external environment

Research and development activities

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

The expected development

In 2021/22 the Company will continue to develop its new, flexible operating model. With the impact of Covid-19 from beginning of the financial year 2020/21, focus on developing the business model is ongoing due to the health requirements of keeping distance. As a consequence of the Covid-19 impact in 2020/21 Management expect an increase in the profit versus the financial year 2020/21. The Company's financial result for 2021/22 is expected to increase by approx. 10-25% due to continued growth in the market and market share gains. On this basis, a profit in the range of DKK 7,000 – 8,500 thousands is expected for 2021/22. Management expects to service more customers and increase efficiency in the shops further once this business model is implemented.

For 2021/22 and subsequent years, Management expects that hearing aid prices in Denmark will remain under pressure. This will require a continued focus on costs and efficiencies and competitive products and services. Having implemented a new and more flexible operating model, Management feels confident that the Company is well positioned to maintain the market leader position in the Danish market. The Company expects a continuing positive development in the coming years.

Events after the balance sheet date

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

Accounting policies

Financial Statements of Sonova Audiological Care Denmark ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Effective from the financial year 2020/21, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Financial Statements for 2020/21 are presented in Danish kroner.

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

Recognition and measurement in general

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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 as the measurement currency. All other currencies are regarded as foreign currencies.

Translation of foreign currency

Translation in foreign currencies are translated at the exchange rates at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates

The profit and loss account

Revenue

Revenue from sale of goods for resale and finished goods is recognised in the income statement when the delivery and transfer of risk has been made before year end. Sales of Service contracts, such as long-term contracts and extended warranties are separated from the sale of goods and recognized over the term of the contract.

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

Cost of sales

Cost of sales comprise the cost of goods sold and consumables consumed to achieve revenue for the year.

Other operating income

Other operating income include income of secondary nature in relation to the Company's activities. For 2020/21 this mainly relates to Government's relief packages due to Covid19.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including costs of distribution, sales, advertising, administration, rent, bad debts, etc.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on account taxation scheme.

Tax for the year

Tax for the year consist of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transaction is recognised directly to equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group 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

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Depreciation

Goodwill is amortised over the expected economic life of the assets, measured by reference to Management's experience. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business entities with strong market position and long-term earnings profiles.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

The basis of depreciation, which is calculated as costs less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows;

Buildings	40 years
Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5-10 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net setting price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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.

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Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net relisable value, which correspond to nominal value less provisions for bad debts.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "assets" comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash

Cash comprise cash and cash equivalents.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

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).

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax an taxable income for prior years.

Tax receivables and liabilities are off-set if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Other 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.

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Other provisions include warranty obligations in respect of repair work within the warranty period of 2 years. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bank yield.

Other payables

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

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Profit and loss account 1 April – 31 March

Income statement

DKK'000	Note	2020/21	2019/20
Revenue		186,586	198,743
Cost of sales		-42,356	-55,312
Other operating income	2	12,284	3,196
Other external expenses		-67,416	-71,185
Gross profit		89,089	75,442
Staff costs	3	-74,333	-69,284
Depreciation, amortisation and writedown of tangible and intangible fixed assets		-9,317	-8,524
Profit before net financials (EBIT)		5,448	-2,366
Financial expenses	4	-378	-1,358
Profit/loss before tax		5,070	-3,724
Tax for the year	5	1,430	-116
Profit/loss for the year		6,500	-3,840

Balance sheet 31 March

Assets

DKK'000	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets	6		
Goodwill		24,105	27,773
Other intangible assets		938	1,047
		<u>25,043</u>	<u>28,820</u>
Property, plant and equipment	7		
Land and buildings		0	2,581
Fixtures and fittings, other plant and equipment		5,627	6,032
Leasehold improvements		8,075	7,555
Property, plant and equipment under construction		883	4,959
		<u>14,585</u>	<u>21,127</u>
Financial assets			
Other receivables	8	3,793	3,857
		<u>3,793</u>	<u>3,857</u>
Total fixed assets		<u>43,421</u>	<u>53,804</u>
Non-fixed assets			
Inventories			
Manufactured goods and trade goods		12,671	13,951
		<u>12,671</u>	<u>13,951</u>
Receivables			
Trade receivables		6,735	3,325
Receivables from group entities		35,150	26,233
Deferred tax assets	9	5,205	5,624
Other receivables		0	1,014
Prepayments	10	1,185	1,342
		<u>48,275</u>	<u>37,537</u>
Cash		802	234
Total non-fixed assets		<u>61,748</u>	<u>51,723</u>
TOTAL ASSETS		<u><u>105,169</u></u>	<u><u>105,527</u></u>

Balance sheet 31 March

Equity and liabilities

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	11	420	420
Retained earnings		34,709	28,209
Total equity		35,129	28,629
Provisions			
Other provisions	12	2,620	2,843
Total provisions		2,620	2,843
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities	13	0	26,202
Other payables		7,206	4,439
Deferred income		10,982	12,147
		18,188	42,788
Current liabilities other than provisions			
Trade payables		4,529	5,449
Deferred income	13	8,672	8,702
Payables to group entities	13	20,370	1,675
Other payables	13	15,661	15,441
		49,232	31,267
Total liabilities		67,420	76,898
TOTAL EQUITY AND LIABILITIES		105,169	105,527
Unusual matter	1		
Contingencies	14		
Related parties	15		
Appropriation of profit/loss	16		
Events after the balance sheet date	17		

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2020	420	28,209	28,629
Transfer, see "Appropriation of profit/loss"	0	6,500	6,500
Equity at 31 March 2021	420	34,709	35,129

Notes 1 April – 31 March

1 Usual Matters

Unusual items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Unusual items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's operating activities.

As disclosed in the Management's review, the profit/loss for the year is affected by a number of matters that Management does not consider part of the operating activities.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

In 2020/21 the Company has received DKK 7,354 thousand in Government grants related to compensation for the impact of Covid-19. This has been part of the relief for the Company.

DKK'000	2020/21	2019/20
2 Other operating income		
Salary compensation Covid-19	6,098	0
Fixed Cost compensation Covid-19	1,256	818
Other operating income	4,930	2,378
	12,285	3,196
3 Staff costs		
Salaries and wages	68,934	64,163
Pension costs	5,031	4,753
Other costs for social security	368	369
	74,333	69,284
Average number of full-time employees	162	162
Staff costs includes salaries to the Executive Board with DKK 3,442 thousand (2019/20: DKK 2,371 thousand) and pensions with DKK 212 thousand (2019/20: DKK 166 thousand).		
4 Financial expenses		
Financial expenses, group entities	-244	-252
Other financial expenses	-134	-1,106
	-378	-1,358
5 Tax for the year		
Adjustment for the year of deferred tax	-418	-705
Tax for previous years	1,848	589
	1,430	-166

Notes 1 April – 31 March

Notes

6 Intangible assets

	Other intangible assets	Goodwill	Total
DKK'000			
Cost at 1 April 2020	1,100	149,756	150,856
Additions	0	0	0
Disposals	0	0	0
Cost at 31 March 2021	1,100	149,756	150,856
Amortisation and impairment losses at 1 April 2020	-53	-121,984	-122,037
Amortisation	-109	-3,667	-3,776
Amortization regarding assets disposed	0	0	0
Amortisation and impairment losses at 31 March 2021	-162	-125,651	-125,813
Carrying amount at 31 March 2021	938	24,105	25,043
Carrying amount at 31 March 2020	1,047	27,773	28,820

7 Property, plant and equipment

	Land and buildings	Fixtures and fittings, other plant and equip- ment	Lease- hold improve- ments	Property, plant and equip- ment under construc- tion	Total
DKK'000					
Cost at 1 April 2020	3,854	22,029	41,848	4,959	72,690
Additions	0	436	413	1,157	2,006
Transferred	-18	3,262	1,989	-5,233	0
Disposals	-3,836	-6,575	-22,301	0	-32,712
Cost at 31 March 2021	0	19,152	21,949	883	41,984
Depreciation and impairment losses at 1 April 2020	-1,273	-15,997	-34,293	0	-51,563
Depreciation	-65	-4,038	-1,438	0	-5,541
Depreciation on disposals	1,338	6,510	21,857	0	29,705
Depreciation and impairment losses at 31 March 2021	0	-13,525	-13,874	0	-27,399
Carrying amount at 31 March 2021	0	5,627	8,075	883	14,585
Carrying amount at 31 March 2020	2,581	6,032	7,555	4,959	21,127

Notes 1 April – 31 March

Notes

8 Other receivables

DKK'000	2020/21	2019/20
Cost at 1 April 2020	3,857	3,978
Additions/disposals during the year	-64	-121
Other receivables at 31 March 2021	3,793	3,857

9 Deferred tax assets

Deferred tax assets at 1 April 2020	5,624	5,740
Adjustment of deferred tax for previous years	0	589
Deferred tax of the results for the year	-419	-705
Deferred tax assets at 31 March 2021	5,205	5,624

The following items are subject to deferred tax:

Intangible fixed assets	-1,755	-1,393
Tangible fixed assets	234	164
Trade debtors	609	535
Inventories	1,217	1,286
Deferred revenue	4,324	4,587
Warranty	576	625
Other receivables	0	-180
Tax loss carry forwards	3,865	4,891
	9,070	10,515
Deferred tax asset not recognised in the balance sheet	-3,865	-4,891
	5,205	5,624

It is expected that the deferred tax assets of DKK 5,205 Thousand recognised at 31 March 2021 will be realised as current tax within a period of 3-5 years.

10 Prepayments

Rent	743	918
Other expenses	442	424
	1,185	1,342

Notes 1 April – 31 March

Notes

DKK'000	2020/21	2019/20
11 Share capital		
Share capital at 1 April	420	380
Cash capital increase	0	40
	<u>420</u>	<u>420</u>

The share capital consists of 21 shares, each with a nominal value of DKK. 20.000. The past five years of changes in share capital specification.

	2020/21	2019/20	2018/19	2017/18	2016/17
Share capital at 1 April	420	380	360	340	320
Cash capital increase	0	40	20	20	20
	<u>420</u>	<u>420</u>	<u>380</u>	<u>360</u>	<u>340</u>

DKK'000	2020/21	2019/20
12 Other provisions		
Other provisions at 1 April 2020	2,843	2,771
Change of the year in other provisions	-223	72
Other provisions at 31 March 2021	<u>2,620</u>	<u>2,843</u>

Sonova Audiological Care Denmark ApS provides a 2 year extended warranty on certain products. A provision of DKK 2,620 thousand (2019/20: DKK 2,842 thousand) has been made for anticipated warranty claims based on historic experience of the level of repairs and returns. It is expected that DKK 1.909 thousand thereof will be used in 2021/22 and DKK 711 thousand in 2022/23.

Notes 1 April – 31 March

Notes

13 Payable to group entities

Payable to group entities	20,370	27,877
Payable to group entities at 31 March 2021	20,370	27,877
Share of amount due within a year	20,370	1,675
Share of amount due within 1-5 years	0	26,202

Other payables

Other payables	11,545	15,884
Holiday pay	11,322	0
Other payables at 31 March 2021	22,276	15,884
Share of amount due within a year	15,132	15,884
Share of amount due within 1-5 years	419	0
Share of amount due after 5 years	6,725	

Deferred income

Share of deferred income due within 1-5 years	10,982	12,147
Share of deferred income due after 5 years	8,672	8,702
Deferred income at 31 March 2021	19,654	20,849

Notes 1 April – 31 March

Notes

14 Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 14,220 thousands. The leasing contracts have 1-99 months left to run, and the total outstanding leasing payment is DKK 14,724 thousand, of which DKK 7,998 thousand is due within the year and DKK 5,859 thousand is due between 1-5 years. Bank guarantees of DKK 2,342 thousand have been issued as guarantees for before mentioned operational leasing contracts.

Restorations obligation

The company has a restoration obligation, when a lease for a location is terminated. The Company does not expect to terminate any location within foreseeable future. The obligation is not possible to measure reliable before a termination is effected.

Joint taxation

Sonova Denmark A/S, company reg. no 10317487 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.

According to the rules of joint taxation, Sonova Audiological Care Denmark ApS 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 .

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

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

Notes 1 April – 31 March

Notes

15 Related party transactions

Sonova Audiological Care Denmark ApS has carried out the following related party transactions:

DKK'000	2020	2019
Purchase of goods from group entities	25,553	40,308
Purchase of services from group entities	753	1,594
Sale of service to group entities	4,930	2,378
Interest expenses to group entities	244	252
Receivables from group entities	31,150	26,233
Payables to group entities	0	26,202

Ownership

According to the Company's list of shareholders, the following shareholders own 100% of the share capital of Sonova Audiological Care Denmark ApS.

Sonova AG, Laubisrütisstrasse 28, 8712 Stäfa, Switzerland.

Consolidated annual accounts

The company is included in the Group Annual Report of the ultimate Parent Company Sonova Holding AG.

The Group Annual Report of Sonova Holding AG may be obtained at the following address:

Sonova AG

Laubisrütisstrasse 28

8712 Stäfa

Switzerland

<https://www.sonova.com/en/financial-reports>

DKK'000	2020/21	2019/20
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings	6,500	-3,840
	<u>6,500</u>	<u>-3,840</u>

Notes 1 April – 31 March

Notes

17 Events after the balance sheet date

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

ΠΕΝΝΕΟ

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Tina Gath

Executive Board

På vegne af: Sonova Audiological Care Denmark ApS

Serienummer: CVR:16753181-RID:25982415

IP: 94.127.xxx.xxx

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NEM ID 

Tina Gath

Chairman of the annual general meeting

På vegne af: Sonova Audiological Care Denmark ApS

Serienummer: CVR:16753181-RID:25982415

IP: 94.127.xxx.xxx

2021-06-30 07:27:07Z

NEM ID 

Anette Pia Andersen

Executive Board

På vegne af: Sonova Audiological Care Denmark ApS

Serienummer: PID:9208-2002-2-905055416473

IP: 217.71.xxx.xxx

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NEM ID 

Peter Brøgger Andreasen

Executive Board

På vegne af: Sonova Audiological Care Denmark ApS

Serienummer: PID:9208-2002-2-225779393183

IP: 94.127.xxx.xxx

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NEM ID 

Kim Thomsen

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:1267450293561

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