

# Sonova Retail Denmark ApS

Dyrehavevej 3, 2930 Klampenborg

Annual Report 1 April 2019 – 31 March 2020

Company reg.no. 16 75 31 81

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

On June 30, 2020

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chairman of the annual general meeting – Tina Gath

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**Sonova Retail Denmark ApS**

Annual report 2019/2020

CVR no. 16 75 31 81

## Management's report

The executive board has today presented the annual report of Sonova Retail Denmark ApS for the financial year 1 April 2019 to 31 March 2020.

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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 March 2020 and of the company's results of its activities in the financial year 1 April 2019 to 31 March 2020.

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

We recommend that the annual report be adopted at the Annual General Meeting.

Klampenborg, June 30, 2020

Executive Board:

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Peter Brøgger Andreasen

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Tina Gath

# Independent auditor's report

## To the shareholders of Sonova Retail Denmark ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2020, and of the results of the Company's operations for the financial year 1 April 2019- 31 March 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Sonova Retail Denmark ApS for the financial year 1 April 2019 - 31 March 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements") .

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## **Management's Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, June 30, 2020

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant  
mne28705

Steffen Kaj Pedersen  
State Authorised Public Accountant  
mne34357

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## Company details

Sonova Retail Denmark ApS  
Dyrehavevej 3, 2930 Klampenborg

Website: [www.audionova.dk](http://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

## Auditor

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## Parent company

Sonova Retail Holding A.G.  
Lubisrütistrasse 28  
8712 Stäfa  
Schweiz

## Financial highlights

DKK 000	2019/20	2018/19	2017/18	2016/17	2015
				(15 months)	
Net turnover	198,743	184,496	163,998	191,256	131,879
Gross profit	79,007	68,305	61,633	61,932	56,801
Result from operating activities	-2,366	-17,225	-26,304	-32,776	-9,040
Net financials	-1,358	-1,214	-423	-3,567	-3,982
Result for the year	-3,840	-17,774	-19,161	-36,463	-12,971
Balance sheet sum	105,527	102,496	83,221	58,557	84,176
Investments in tangible fixed assets represent	10,930	3,191	6,312	6,159	5,019
Equity	28,629	10,469	3,268	-17,498	-11,003
Gross margin	39,8%	37,0%	37,6%	32,4%	43,1%
Profit margin	-1,2%	-9,3%	-16,0%	-17,1%	-6,9%
Acid test ratio	165,4%	101,9%	57,3%	73,4%	168,1%
Solvency ratio	27,1%	12,5%	3,9%	-29,9%	-13,1%
Return on equity	-19,6%	-84,9%	134,7%	255,9%	-15,2%
Average number of full-time employees	162	159	143	125	110

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 net turnover for the year is DKK 198,743k against DKK 184,496k last year. The results from ordinary activities after tax are DKK -4,478k against DKK -17,774k last year. Although not fully in line with initial expectations due to impact of Covid-19 from mid March 2020, 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.

The Company expects a continuing positive development in the coming years.

On February 10, 2020 a cash share capital increase was made. The Parent Company paid in cash of total DKK 2,000k into equity with 1 share of DKK 20,000 with a premium of DKK 1,980k. Furthermore on March 19, 2020 an additional cash share capital increase were made. The Parent Company paid in cash of total DKK 20,000k into equity with 1 share of DKK 20,000 with a premium of DKK 19,980k

The parent company will provide sufficient financial support for the Company to pay debt as they fall due.

## Strategy

Sonova Retail 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.

## Special risks

### Operating risks:

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

### Financial risks:

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

The parent company will provide sufficient financial support for the Company to pay debt as they fall due.

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### **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 Retail Denmark ApS complies with existing rules on sorting and disposal of waste.

## **Research and development activities**

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

## **The expected development**

In 2020/21 the Company will continue to develop its new, flexible operating model. With the impact of Covid-19 from beginning for 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 Management expect a decrease in the financial result for 2020/21 versus the financial year 2019/20. Management expects to service more customers and increase efficiency in the shops further once this business model is implemented.

For 2020/21 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.

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

## Accounting policies used

Financial Statements of Sonova Retail Denmark ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies are consistent with those of prior year.

Financial Statements for 2019/20 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

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## **The profit and loss account**

### **Net turnover**

Revenue from the 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 goods sold and consumables**

Cost of goods sold and consumables comprise the 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.

### **Other external costs**

Other external costs include 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.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### **Net financials**

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 on profit/loss 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.

The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items respectively.

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**

### **Intangible fixed assets**

#### **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.

#### **Tangible fixed assets**

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.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are

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.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Available funds**

Available 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).

### **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.

According to the rules of joint taxation, Sonova Retail 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 .

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.

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

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### Financial debts

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

### Deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

### Key figures

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	$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$

## Profit and loss account 1 April – 31 March

### Income statement

DKK'000	Note	2019/20	2018/19
<b>Net turnover</b>		198,743	184,496
Raw materials and consumables used		-55,312	-49,345
Other operating income		818	0
Other external costs		-65,241	-66,846
<b>Gross profit</b>		79,008	68,305
Staff costs	1	-72,850	-75,251
Depreciation, amortisation and writedown relation to tangible and intangible fixed assets		-8,524	-10,279
<b>Operating profit (EBIT)</b>		-2,366	-17,225
Financial costs	2	-1,358	-1,214
<b>Results before tax</b>		-3,724	-18,440
Tax on ordinary results	3	-116	665
<b>Profit/loss for the year</b>	4	-3,840	-17,774



## Balance sheet 1 April – 31 March

### Assets

DKK'000	Note	2019/20	2018/19
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
	5		
Goodwill		27,773	31,439
Keymoney		1,047	339
		<u>28,820</u>	<u>31,778</u>
<b>Property, plant and equipment</b>			
	6		
Land and property		2,581	2,678
Other plants, operating assets, and fixtures and furniture		6,032	5,769
Decoration rented premises		7,555	6,991
Property, plant and equipment under construction		4,959	30
		<u>21,127</u>	<u>15,468</u>
<b>Financial fixed assets</b>			
Other debtors	7	3,857	3,978
		<u>3,857</u>	<u>3,978</u>
<b>Total fixed assets</b>		<u>53,804</u>	<u>51,224</u>
<b>Current assets</b>			
<b>Inventories</b>			
Manufactured goods and trade goods		13,951	23,154
		<u>13,951</u>	<u>23,154</u>
<b>Receivables</b>			
Trade debtors		3,325	12,672
Amounts owed by group enterprises		26,233	6,749
Other debtors		1,014	388
Deferred tax assets	8	5,624	5,740
Prepaid expenses	9	1,342	1,341
		<u>37,537</u>	<u>26,891</u>
<b>Available funds</b>		<u>234</u>	<u>1,228</u>
<b>Total current assets</b>		<u>51,723</u>	<u>51,273</u>
<b>TOTAL ASSETS</b>		<u><u>105,527</u></u>	<u><u>102,496</u></u>

## Balance sheet 1 April – 31 March

### Equity and liabilities

DKK'000	Note	2019/20	2018/19
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	420	380
Results brought forward	11	28,209	10,089
<b>Total equity</b>		<u>28,629</u>	<u>10,469</u>
<b>Provisions</b>			
Other provisions	12	2,843	2,771
<b>Total provisions</b>		<u>2,843</u>	<u>2,771</u>
<b>Liabilities other than provisions</b>			
<b>Non-current liabilities other than provisions</b>			
Debt to group enterprises	13	26,202	27,422
Other debts		4,439	0
Deferred revenue		12,147	11,496
		<u>42,788</u>	<u>38,918</u>
<b>Current liabilities other than provisions</b>			
Trade creditor		5,449	1,916
Deferred revenue		8,702	8,043
Debt to group enterprises		1,675	19,485
Other debts		15,441	20,894
		<u>31,267</u>	<u>50,338</u>
<b>Total liabilities</b>		<u>76,898</u>	<u>92,027</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>105,527</u>	<u>102,496</u>
Contingencies	15		
Related parties	16		
Materially events occurred after the balance sheet date	17		

## Balance sheet 1 April – 31 March

### Statement of changes in equity

DKK'000	Share capital	Share premium account	Results brought forward	In total
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Equity at 1 April 2019</b>	380	24,980	-14,891	10,469
Transfer to result brought forward	0	-24,980	24,980	0
Cash capital increase	40	21,960	0	22,000
Profit or loss for the year brought forward	0	0	-3,840	-3,840
<b>Equity at 31 March 2020</b>	<u>420</u>	<u>21,960</u>	<u>6,249</u>	<u>28,629</u>

## Notes 1 April – 31 March

DKK'000	2019/20	2018/19
<b>1 Staff costs</b>		
Salaries and wages	64,163	65,390
Pension costs	4,753	4,596
Other costs for social security	369	475
Other staff costs	3,565	4,790
	<u>72,850</u>	<u>75,251</u>
Average number of full-time employees	162	159
Staff costs includes salaries to the Executive Board with 2,371 t.DKK (2018: 2,581 t.DKK) and pensions with 166 t.DKK (2018: 160 t.DKK).		
<b>2 Financial expenses</b>		
Financial costs, group enterprises	-252	-252
Other financial costs	-1,106	-962
	<u>-1,358</u>	<u>-1,214</u>
<b>3 Tax on ordinary results</b>		
Adjustment for the year of deferred tax	-705	-550
Tax for previous years	589	1,215
	<u>-116</u>	<u>665</u>
<b>4 Proposed distribution of the results</b>		
Allocated from results brought forward	-3,840	-17,774
	<u>-3,840</u>	<u>-17,774</u>

## Notes 1 April – 31 March

### Notes

#### 5 Intangible assets

DKK'000	Keymoney	Goodwill	Intangible assets in total
Cost at 1 April 2019	350	149,756	150,106
Additions	950	0	950
Disposals	-200	0	-200
Cost at 31 March 2020	1,100	149,756	150,856
Amortisation and impairment losses at 1 April 2019	-212	-118,317	-118,529
Amortisation	-41	-3,666	-3,707
Amortization regarding assets disposed	200	0	200
Amortisation and impairment losses at 31 March 2020	-53	-121,983	-122,036
<b>Carrying amount at 31 March 2020</b>	<b>1,047</b>	<b>27,773</b>	<b>28,820</b>
Carrying amount at 31 March 2019	339	31,439	31,778

## Notes 1 April – 31 March

### Notes

#### 6 Property, plant and equipment

DKK'000	Land and property	Other plants, fixtures and furniture	Lease-hold	Property, plant and equipment under construction	Property plant and equipment in total
Cost at 1 April 2019	3,854	20,310	39,921	30	64,115
Additions	0	2,504	3,233	5,193	10,930
Transferred	0	248	0	-248	0
Disposals	0	-1,033	-1,306	-16	-2,355
Cost at 31 March 2020	3,854	22,029	41,848	4,959	72,690
Depreciation and impairment losses at 1 April 2019	-1,177	-14,541	-32,930	0	-48,647
Depreciation	-96	-2,375	-2,346	0	-4,817
Depreciation on disposals	0	919	983	0	1,902
Depreciation and impairment losses at 31 March 2020	-1,273	-15,997	-34,293	0	-51,563
<b>Carrying amount at 31 March 2020</b>	<b>2,581</b>	<b>6,032</b>	<b>7,555</b>	<b>4,959</b>	<b>21,127</b>
Carrying amount at 31 March 2019	2,678	5,769	6,991	30	15,468

## Notes 1 April – 31 March

### Notes

DKK'000	2019/20	2018/19
<b>7 Other debtors</b>		
Cost at 1 April	3,978	3,875
Additions during the year	-121	151
<b>Other debtors at 31 March</b>	<b>3,857</b>	<b>3,978</b>
<b>8 Deferred tax assets</b>		
Deferred tax assets at 1 April 2019	5,740	6,290
Adjustment of deferred tax for previous years	589	0
Deferred tax of the results for the year	-705	-550
<b>Deferred tax assets at 31 March 2020</b>	<b>5,624</b>	<b>5,740</b>
The following items are subject to deferred tax:		
Intangible fixed assets	-1,393	-1,015
Tangible fixed assets	164	-485
Trade debtors	535	566
Inventories	1,286	1,765
Deferred revenue	4,587	4,299
Warranty	625	610
Other receivables	-180	0
	<b>5,624</b>	<b>5,740</b>
<b>9 Prepaid expenses</b>		
Rent	918	857
Other expenses	424	484
	<b>1,342</b>	<b>1,341</b>

## Notes 1 April – 31 March

### Notes

DKK'000	<u>2019/20</u>	<u>2018/19</u>
<b>10 Contributed capital</b>		
Contributed capital at 1 April	380	360
Cash capital increase	<u>40</u>	<u>20</u>
	<u>420</u>	<u>380</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.

	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015</u>
Contributed capital at 1 April	380	360	340	320	320
Cash capital increase	<u>40</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>0</u>
	<u>420</u>	<u>380</u>	<u>360</u>	<u>340</u>	<u>320</u>

DKK'000	<u>2019/20</u>	<u>2018/19</u>
<b>11 Results brought forward</b>		
Results brought forward at 1 April 2019	10,089	2,908
Cash capital increase	21,960	24,980
Profit or loss for the year brought forward	-3,840	-17,774
Adjustment to previous year	<u>0</u>	<u>-25</u>
<b>Results brought forward at 31 March 2020</b>	<u>28,209</u>	<u>10,089</u>



## Notes 1 April – 31 March

### Notes

DKK'000	2019/20	2018/19
<b>12 Other provisions</b>		
Other provisions at 1 April 2019	2,771	703
Change of the year in other provisions	72	2,068
<b>Other provisions at 31 March 2020</b>	<b>2,843</b>	<b>2,771</b>
<b>13 Debt to group enterprises</b>		
Debt to group enterprises	26,202	27,422
<b>Debt to group enterprises at 31 March 2020</b>	<b>26,202</b>	<b>27,422</b>
<b>14 Non-current liabilities other than provisions</b>		
Share of liabilities due within 1-5 years	16,586	11,496
Share of liabilities due After 5 years	26,202	27,422
<b>Non-current liabilities other than provisions at 31 March 2020</b>	<b>42,788</b>	<b>38,918</b>

### 15 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 14,973. The leasing contracts have 1-72 months left to run, and the total outstanding leasing payment is DKK 14,630k, of which DKK 8,002k is due within the year and DKK 5,990k is due between 1-5 years. Bank guarantees of DKK 2,235k have been issued as guarantees for beforementioned 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.

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

## Notes 1 April – 31 March

### Notes

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

#### 16 Related party disclosures

##### Transactions between related parties

During the year, Group internal transactions have been carried through with affiliated companies in the Sonova Group. Transactions with related parties have been entered at market conditions in the financial year. In accordance Danish Financial Statements Act section 98C, bullit 7. Information regarding transactions with related parties is not disclosed.

##### Ownership

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

Sonova Retail Holding AG, Turmstrasse 26, Ch-6300 Zug, Switzerland.

##### Consolidated annual accounts

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

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

Sonova Holding AG  
Laubisrütisstrasse 28  
8712 Stäfa  
Switzerland

#### 17 Materially events occurred after the balance sheet date

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