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K/S HIMPP
Nymøllevej 6
3540 Lyngby
Business Registration No
19502740

Annual report 2019

The Annual General Meeting adopted the annual report on 28.03.2020

Chairman of the General Meeting

Name: Stefan Launer

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Entity details

Entity

K/S HIMPP
Nymøllevej 6
3540 Lyngø

Central Business Registration No (CVR): 19502740
Registered in: Allerød
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Stefan Launer, Chairman
Makoto Tateno
Michel Omer de Mey
Thomas Wei-Ting
Mark Stephen Gorder
Søren Nielsen
Gitte Pugholm Aabo
Søren Erik Westermann

Executive Board

Stinus Jeppesen, Signed on behalf of HIMPP A/S

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of K/S HIMPP for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lynge, 28.03.2020

Executive Board

Stinus Jeppesen

Signed on behalf of HIMPP
A/S

Board of Directors

Stefan Launer
Chairman

Makoto Tateno

Michel Omer de Mey

Thomas Wei-Ting

Mark Stephen Gorder

Søren Nielsen

Gitte Pugholm Aabo

Søren Erik Westermann

Independent auditor's report

To the shareholders of K/S HIMPP

Opinion

We have audited the financial statements of K/S HIMPP for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 28.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Thomas Hermann

State Authorised Public Accountant

Identification No (MNE) mne26740

Management commentary

Primary activities

The object of the Entity is to monitor patent developments globally and to draw the attention of judicial and administrative bodies to relevant, known techniques with a view to avoiding the granting of unreasonably broad patent rights.

The Entity may acquire patent rights granted and make them accessible to the hearing aid industry on equal and fair terms, either through a limited partnership license or a third party license. All stakeholders of the hearing aid industry may become partners of the Limited Partnership on equal terms or be granted a license by the Entity.

Development in activities and finances

The financial year shows a profit of USD 0 against last year's profit of USD 0. Profit of the year matches expectations.

Events after the balance sheet date

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

Management commentary

Ownership

General Partner:

HIMPP A/S, Allerød

Ownership 0.752% - share of result 1.176%

Limited Partners:

Oticon A/S, Egedal

Ownership 18.046% - share of result 14.118%

Widex A/S, Allerød

Ownership 9.023% - share of result 14.118%

GN ReSound A/S, Ballerup

Ownership 27.069% - share of result 14.118%

Intricon Corporation, USA

Ownership 9.023% - share of result 14.118%

Rion Co. Ltd., Japan

Ownership 9.023% - share of result 14.118%

Sonova AG, Schweiz

Ownership 18.046% - share of result 14.118%

Starkey Laboratories Inc., USA

Ownership 9.023% - share of result 14.118%

Income statement for 2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD'000</u>
Revenue		3,842,540	3,682
Other external expenses		<u>(1,553,871)</u>	<u>(1,823)</u>
Gross profit/loss		2,288,669	1,859
Staff costs	1	(328,506)	(199)
Depreciation, amortisation and impairment losses	2	<u>(2,012,647)</u>	<u>(1,738)</u>
Operating profit/loss		(52,484)	(78)
Other financial income	3	80,188	84
Other financial expenses	4	<u>(23,726)</u>	<u>(24)</u>
Profit/loss before tax		3,978	(18)
Tax on profit/loss for the year		0	0
Other taxes		<u>(3,978)</u>	<u>18</u>
Profit/loss for the year		0	0
Proposed distribution of profit/loss			
Retained earnings		<u>0</u>	<u>0</u>
		0	0

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD'000</u>
Acquired patents		6,138,341	4,901
Intangible assets	5	6,138,341	4,901
Fixed assets		6,138,341	4,901
Trade receivables		313,194	22
Income tax receivable		49,816	87
Receivables		363,010	109
Cash		2,149,549	4,735
Current assets		2,512,559	4,844
Assets		8,650,900	9,745

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>	<u>2018 USD'000</u>
Contributed capital		19,950,000	19,950
Retained earnings		<u>(18,391,850)</u>	<u>(18,392)</u>
Equity		<u>1,558,150</u>	<u>1,558</u>
Prepayments received from customers		<u>1,396,643</u>	<u>2,896</u>
Non-current liabilities other than provisions		<u>1,396,643</u>	<u>2,896</u>
Prepayments received from customers		4,893,048	4,592
Trade payables		103,297	62
Payables to group enterprises		488,505	487
Other payables		<u>211,257</u>	<u>150</u>
Current liabilities other than provisions		<u>5,696,107</u>	<u>5,291</u>
Liabilities other than provisions		<u>7,092,750</u>	<u>8,187</u>
Equity and liabilities		<u>8,650,900</u>	<u>9,745</u>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		

Statement of changes in equity for 2019

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	19,950,000	(18,391,850)	1,558,150
Equity end of year	19,950,000	(18,391,850)	1,558,150

Notes

	2019	2018
	USD	USD'000
1. Staff costs		
Wages and salaries	298,140	181
Pension costs	28,404	17
Other social security costs	737	0
Other staff costs	1,225	1
	328,506	199
Average number of employees	2	1
	2019	2018
	USD	USD'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2,012,647	1,738
	2,012,647	1,738
	2019	2018
	USD	USD'000
3. Other financial income		
Other interest income	80,188	84
	80,188	84
	2019	2018
	USD	USD'000
4. Other financial expenses		
Other interest expenses	23,726	24
	23,726	24

Notes

	Acquired patents USD		
5. Intangible assets			
Cost beginning of year	23,330,422		
Additions	<u>3,250,000</u>		
Cost end of year	<u>26,580,422</u>		
Amortisation and impairment losses beginning of year	(18,429,434)		
Amortisation for the year	<u>(2,012,647)</u>		
Amortisation and impairment losses end of year	<u>(20,442,081)</u>		
Carrying amount end of year	<u>6,138,341</u>		
		2019	2018
		USD	USD'000
6. Unrecognised rental and lease commitments			
Liabilities under rental or lease agreements until maturity in total		<u>17,200</u>	<u>27</u>
7. Contingent liabilities			
None			

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

The financial statements are presented in US Dollars (USD) which is the functional currency of K/S HIMPP.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses comprise expenses for defence and maintenance of the Limited Partnership's patent portfolio, administration etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Accounting policies

Other financial income

Other financial income comprises interest income etc.

Other financial expenses

Other financial expenses comprises interest expenses etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Other taxes

The item includes tax amounts calculated on another basis than income for the year, including environmental tax etc, which are not refunded to the Entity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise patents acquired.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises bank deposits.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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"By my signature I confirm all dates and content in this document."

Michel Omer de Mey

Signatory

On behalf of: Sound Design Technologies
Serial number: michel.demey@onsemi.com
IP: 65.197.xxx.xxx
2020-04-02 14:33:54Z



Stinus Jeppesen

Signatory

On behalf of: HIMPP
Serial number: PID:9208-2002-2-570522944063
IP: 213.83.xxx.xxx
2020-04-02 14:36:28Z

NEM ID 

Mark Gorder

Signatory

On behalf of: Intricon Corp.
Serial number: mgorder@intricon.com
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2020-04-02 14:39:41Z



Søren Erik Westermann

Signatory

On behalf of: Widex A/S
Serial number: PID:9208-2002-2-268394172361
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Thomas Ting

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2020-04-02 17:00:55Z



Makoto Tateno

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2020-04-03 03:26:13Z



Stefan Launer

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2020-04-03 09:24:53Z



Gitte Pugholm Aabo

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"By my signature I confirm all dates and content in this document."

Søren Nielsen

Signatory

On behalf of: Demant A/S

Serial number: PID:9208-2002-2-317622658273

IP: 2.108.xxx.xxx

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