Deloitte.

SIVANTOS A/S

Nymøllevej 6
3540 Lynge
CVR No. 20041587

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the annual report on 25.02.2021

Vivian Sommer
Chairman of the General Meeting

Contents

Entity details

Entity

SIVANTOS A/S

Nymøllevej 6

3540 Lynge

CVR No.: 20041587

Registered office: Lynge

Financial year: 01.10.2019 - 30.09.2020

Phone number: +45 63 15 40 00

URL: www.sivantos.dk

Board of Directors

Vivian Herforth Sommer

Martin Damm Jensen

Christian Thuen

Executive Board

Martin Damm Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Tværkajen 5

P. O. Box 10

5100 Odense

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SIVANTOS A/S for the financial year 01.10.2019 - 30.09.2020.

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 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020.

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, 25.02.2021

Executive Board

Martin Damm Jensen

Board of Directors

Vivian Herforth Sommer

Martin Damm Jensen

Christian Thuen

Independent auditor's report

To the shareholder of SIVANTOS A/S

Opinion

We have audited the financial statements of SIVANTOS A/S for the financial year 01.10.2019 - 30.09.2020, 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 30.09.2020 and of the results of its operations for the financial year 01.10.2019 - 30.09.2020 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:

- 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.

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, 25.02.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Management commentary

Primary activities
The company's main activities are sale and service of hearing aids, which primarily are sold to the healthcare sector in Denmark and Sweden. Furthermore, Sivantos A/S markets individually manufactured hearing protection for the prevention of hearing impediments as a result of noise.

Development in activities and finances
Gross profit for the year came in at DKK 34,479 thousand (2018/19: DKK 34,274 thousand), representing a decrease of 3% on the 2019/20 financial year.

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.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss	1	**34,478,890**	**34,273,552**
Staff costs	2	(28,753,052)	(26,450,249)
Depreciation, amortisation and impairment losses		(1,666,567)	(704,207)
Operating profit/loss		**4,059,271**	**7,119,096**
Other financial income		32,883	39,663
Other financial expenses		(895,030)	(1,619,788)
Profit/loss before tax		**3,197,124**	**5,538,971**
Tax on profit/loss for the year		(817,842)	(1,456,233)
Profit/loss for the year		**2,379,282**	**4,082,738**
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		2,379,282	4,082,738
Proposed distribution of profit and loss		**2,379,282**	**4,082,738**

Balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Other fixtures and fittings, tools and equipment		239,293	473,904
Leasehold improvements		0	32,637
Leased assets		1,491,520	0
Property, plant and equipment	3	**1,730,813**	**506,541**
Other investments		1,780,500	1,965,500
Deposits		253,161	248,795
Other receivables		0	562,361
Other financial assets	4	**2,033,661**	**2,776,656**
Fixed assets		**3,764,474**	**3,283,197**
Manufactured goods and goods for resale		1,706,776	618,458
Inventories		**1,706,776**	**618,458**
Trade receivables		13,991,662	14,880,454
Receivables from group enterprises		2,527,226	959,085
Deferred tax	5	2,542,658	92,024
Prepayments		0	80,409
Receivables		**19,061,546**	**16,011,972**
Cash		**24,439,820**	**2,158,506**
Current assets		**45,208,142**	**18,788,936**
Assets		**48,972,616**	**22,072,133**

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		500,000	500,000
Retained earnings		1,620,965	1,620,965
Proposed dividend		2,379,282	4,082,738
Equity		**4,500,247**	**6,203,703**
Other provisions		2,724,576	3,663,739
Provisions		**2,724,576**	**3,663,739**
Lease liabilities		857,409	0
Non-current liabilities other than provisions	6	**857,409**	**0**
Lease liabilities		772,459	0
Trade payables		699,562	0
Payables to group enterprises		15,785,019	0
Income tax payable		3,094,467	692,010
Other payables		16,979,122	8,083,880
Deferred income		3,559,755	3,428,801
Current liabilities other than provisions		**40,890,384**	**12,204,691**
Liabilities other than provisions		**41,747,793**	**12,204,691**
Equity and liabilities		**48,972,616**	**22,072,133**
Group relations	7		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500,000	1,620,965	4,082,738	6,203,703
Ordinary dividend paid	0	0	(4,082,738)	(4,082,738)
Profit/loss for the year	0	0	2,379,282	2,379,282
Equity end of year	**500,000**	**1,620,965**	**2,379,282**	**4,500,247**

Notes

1 Gross profit/loss

The Company have in the financial year recognised t.DKK 864 related to COVID-19 compensation of salary costs.

2 Staff costs

	2019/20 DKK	2018/19 DKK
Average number of full-time employees	**31**	**42**

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Leased assets DKK
Cost beginning of year	4,134,541	1,636,758	0
Additions	91,249	65,007	2,916,357
Disposals	(1,426,353)	(138,011)	(198,721)
Cost end of year	**2,799,437**	**1,563,754**	**2,717,636**
Depreciation and impairment losses beginning of year	(3,660,645)	(1,668,398)	0
Depreciation for the year	(261,575)	(32,636)	(1,424,837)
Depreciation and impairment losses on assets disposed of	0	137,280	0
Reversal regarding disposals	1,362,076	0	198,721
Depreciation and impairment losses end of year	**(2,560,144)**	**(1,563,754)**	**(1,226,116)**
Carrying amount end of year	**239,293**	**0**	**1,491,520**

4 Financial assets

	Other investments DKK	Deposits DKK
Cost beginning of year	1,780,500	248,795
Additions	0	4,366
Cost end of year	**1,780,500**	**253,161**
Carrying amount end of year	**1,780,500**	**253,161**

5 Deferred tax

Changes during the year	2019/20 DKK	2018/19 DKK
Beginning of year	92,024	20,346
Recognised in the income statement	2,450,634	71,678
End of year	**2,542,658**	**92,024**

6 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK
Lease liabilities	857,409
	857,409

No lease liabilities are due after 5 years.

7 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
WS Audiology A/S, Lynge CVR-nr.: 40296638

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.

Changes in accounting policies

In 2019/20, the Company decided to implement IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. Only IFRS 16 affects the Company's financial statements.

The change to the accounting policies has been implemented with no adjustment of comparative figures and the change triggers a reduction of profit for the year before tax of DKK 251 thousand.

When a lease is identified, a lease asset and a corresponding lease liability are recognised in the balance sheet at the effective date of the lease. Initially, a leased asset is measured at cost corresponding to the recognised lease obligation in question adjusted for lease payments performed on or before the effective date, any initial costs related to the lease and other directly related expenses.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

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

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

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

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment 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.

Other investments
Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

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

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.