



Himsa II K/S

Lyngbyvej 28, 1.
2100 København Ø
CVR No. 27188729

Annual report 2021

The Annual General Meeting adopted the
annual report on 31.03.2022

Søren Nielsen

Chairman of the General Meeting

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Entity details

Entity

Himsa II K/S

Lyngbyvej 28, 1.

2100 København Ø

Business Registration No.: 27188729

Registered office: København

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Søren Nielsen, Chairman

Søren Erik Westermann

Poul Martin Pessis

Giulio William Sandona Pizzini

David Alan Fabry

André Ernst Vonlanthen

Gitte Pugholm Aabo

Executive Board

Arild Vincentz Rasmussen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Himsa II K/S for the financial year 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Copenhagen, 31.03.2022

Executive Board

Arild Vincentz Rasmussen

Chief Executive Officer

Board of Directors

Søren Nielsen
Chairman

Søren Erik Westermann

Poul Martin Pessis

Giulio William Sandona Pizzini

David Alan Fabry

André Ernst Vonlanthen

Gitte Pugholm Aabo

Independent auditor's report

To the shareholders of Himsa II K/S

Opinion

We have audited the financial statements of Himsa II K/S for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 31.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Nikolaj Thomsen

State Authorised Public Accountant
Identification No (MNE) mne33276

Management commentary

Primary activities

The Entity's primary activity consists in developing solutions for hardware and software platforms to the hearing instrument industry as well as related activities.

Development in activities and finances

In 2021, the Entity continued its development of the software product Noah, which is used in selling and adjusting programmable hearing instruments. The sale of user licences for Noah 4 was above expectations, which is also the case for sales of Noahlink Wireless.

Total profit for the year amounted to DKK 1,449k, and the equity amounted to DKK 25,105k at 31 December 2021.

Management expects income from the sale of user licences for Noah 4, development licences and sale of Noahlink Wireless units in 2022 to be lower than the costs of development, maintenance and consultancy assistance to the effect that the limited Partnership's financial performance for the coming year will probably offset part of the profit from earlier years.

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.

General Partner

HIMSA II A/S, Copenhagen

Limited Partner

GN Hearing A/S, Ballerup, Denmark

Sonova AG, Stäfa, Schweiz

Widex A/S, Lyngø, Denmark

Oticon A/S, Smørum, Denmark

Starkey Laboratories Inc., Eden Prairie, Minnesota, USA

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		36,496,069	33,440,963
Cost of sales		(6,062,114)	(5,050,404)
Other external expenses		(16,649,745)	(13,679,899)
Gross profit/loss		13,784,210	14,710,660
Staff costs	1	(12,128,642)	(11,223,132)
Operating profit/loss		1,655,568	3,487,528
Income from investments in group enterprises		96,763	675,491
Other financial income	2	2,649	2,245
Other financial expenses	3	(284,578)	(419,046)
Profit/loss before tax		1,470,402	3,746,218
Tax on profit/loss for the year		(21,441)	(26,546)
Profit/loss for the year		1,448,961	3,719,672
Proposed distribution of profit and loss:			
Retained earnings		1,448,961	3,719,672
Proposed distribution of profit and loss		1,448,961	3,719,672

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		2,711,790	2,439,532
Deposits		334,644	326,206
Financial assets	4	3,046,434	2,765,738
Fixed assets		3,046,434	2,765,738
Manufactured goods and goods for resale		338,981	481
Inventories		338,981	481
Trade receivables		3,982,436	3,510,230
Receivables from group enterprises		994,364	254,942
Other receivables		2,097,748	809,614
Receivables		7,074,548	4,574,786
Cash		18,421,969	20,030,339
Current assets		25,835,498	24,605,606
Assets		28,881,932	27,371,344

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	5	3,250,000	3,250,000
Retained earnings		21,854,946	20,230,490
Equity		25,104,946	23,480,490
Other payables		0	1,052,590
Non-current liabilities other than provisions		0	1,052,590
Trade payables		2,926,032	861,948
Payables to group enterprises		0	196,971
Other payables		850,954	1,779,345
Current liabilities other than provisions		3,776,986	2,838,264
Liabilities other than provisions		3,776,986	3,890,854
Equity and liabilities		28,881,932	27,371,344

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,250,000	20,230,490	23,480,490
Exchange rate adjustments	0	175,495	175,495
Profit/loss for the year	0	1,448,961	1,448,961
Equity end of year	3,250,000	21,854,946	25,104,946

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	11,483,399	10,562,738
Pension costs	391,496	365,370
Other social security costs	122,757	95,419
Other staff costs	130,990	199,605
	12,128,642	11,223,132
Average number of full-time employees	16	15

2 Other financial income

	2021	2020
	DKK	DKK
Financial income from group enterprises	2,649	2,245
	2,649	2,245

3 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	0	2,771
Other interest expenses	156,153	122,921
Exchange rate adjustments	128,425	293,354
	284,578	419,046

4 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,142,897	326,206
Additions	0	8,438
Cost end of year	3,142,897	334,644
Revaluations beginning of year	(703,365)	0
Exchange rate adjustments	175,495	0
Share of profit/loss for the year	96,763	0
Revaluations end of year	(431,107)	0
Carrying amount end of year	2,711,790	334,644

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Himsa America Inc.	USA	Inc.	100

5 Share capital

	Number	Par value DKK	Nominal value DKK
General Partners	1	250,000	250,000
Limited Partners	12	250,000	3,000,000
	13		3,250,000

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 a few provisions for reporting class C.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified in the income statement.

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.

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 as well as social security contributions, pension contributions, etc for entity staff.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on transactions in foreign currencies etc.

Tax on profit/loss for the year

The Entity's tax profit/loss forms part of the owner's total income and assets. Accrued and deferred tax assets and liabilities are therefore not recognised in the Entity's income statement or the balance sheet as these taxes are incumbent on the General Partner and the Limited Partners.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intragroup profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve

for net revaluation according to the equity method under equity.
Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

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.

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

Receivables

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

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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