



## Himsa II K/S

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

## Annual report 2019

The Annual General Meeting adopted the  
annual report on 02.04.2020

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**Søren Nielsen**

Chairman of the General Meeting

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# Entity details

## Entity

Himsa II K/S

Lyngbyvej 28, 1.

2100 København Ø

CVR No.: 27188729

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

## Board of Directors

Søren Nielsen, Chairman

Poul Martin Pessis

Pär Olof Thuresson

Giulio William Sandona Pizzini

Søren Erik Westermann

David Alan Fabry

André Ernst Vonlanthen

## Executive Board

Arild Vincentz Rasmussen, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

# 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 01.01.2019 - 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.

Copenhagen, 02.04.2020

## Executive Board



**Arild Vincentz Rasmussen**  
Chief Executive Officer

## Board of Directors

**Søren Nielsen**  
Chairman

**Poul Martin Pessis**

**Pär Olof Thuresson**

**Giulio William Sandona Pizzini**

**Søren Erik Westermann**

**David Alan Fabry**

**André Ernst Vonlanthen**

# 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 01.01.2019 - 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 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, 02.04.2020

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR No.: 33963556



**Thomas Hermann**

State Authorised Public Accountant

Identification No (MNE) 26740

# 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 2019, 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 surplus for the year amounted to DKK 246 k, which is considerably above budget.

Management expects income from the sale of user licences for Noah 4, development licences and sale of Noahlink Wireless units in 2020 to be lower than the costs of development, maintenance and consultancy assistance to the effect that the limited Partnership's financial performance for the 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.

## Owership

### General Partner

HIMSA II A/S, Copenhagen

### Limited partners

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 2019

	Notes	2019 DKK	2018 DKK
Revenue		32,164,208	26,562,635
Cost of sales		(5,213,476)	(3,261,777)
Other external expenses		(16,278,417)	(11,983,553)
<b>Gross profit/loss</b>		<b>10,672,315</b>	<b>11,317,305</b>
Staff costs	1	(10,687,810)	(11,581,605)
<b>Operating profit/loss</b>		<b>(15,495)</b>	<b>(264,300)</b>
Income from investments in group enterprises		480,596	(723,919)
Other financial income	2	41,433	131,307
Other financial expenses		(202,027)	(127,753)
<b>Profit/loss before tax</b>		<b>304,507</b>	<b>(984,665)</b>
Tax on profit/loss for the year		(58,215)	(270,200)
<b>Profit/loss for the year</b>		<b>246,292</b>	<b>(1,254,865)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		246,292	(1,254,865)
<b>Proposed distribution of profit and loss</b>		<b>246,292</b>	<b>(1,254,865)</b>

# Balance sheet at 31.12.2019

## Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	3	<b>0</b>	<b>0</b>
Investments in group enterprises		1,945,674	1,425,624
Deposits		318,075	309,853
<b>Other financial assets</b>	4	<b>2,263,749</b>	<b>1,735,477</b>
<b>Fixed assets</b>		<b>2,263,749</b>	<b>1,735,477</b>
Manufactured goods and goods for resale		212,461	139,459
<b>Inventories</b>		<b>212,461</b>	<b>139,459</b>
Trade receivables		3,756,888	3,342,262
Receivables from group enterprises		196,329	757,633
Other receivables		545,401	1,143,738
<b>Receivables</b>		<b>4,498,618</b>	<b>5,243,633</b>
<b>Cash</b>		<b>17,971,265</b>	<b>18,668,317</b>
<b>Current assets</b>		<b>22,682,344</b>	<b>24,051,409</b>
<b>Assets</b>		<b>24,946,093</b>	<b>25,786,886</b>

**Equity and liabilities**

	Notes	2019 DKK	2018 DKK
Contributed capital	5	3,250,000	3,250,000
Retained earnings		16,510,818	16,264,526
<b>Equity</b>		<b>19,760,818</b>	<b>19,514,526</b>
Other payables		420,216	0
<b>Non-current liabilities other than provisions</b>	6	<b>420,216</b>	<b>0</b>
Trade payables		1,154,374	1,969,294
Payables to group enterprises		359,933	0
Other payables		3,250,752	4,303,066
<b>Current liabilities other than provisions</b>		<b>4,765,059</b>	<b>6,272,360</b>
<b>Liabilities other than provisions</b>		<b>5,185,275</b>	<b>6,272,360</b>
<b>Equity and liabilities</b>		<b>24,946,093</b>	<b>25,786,886</b>

Unrecognised rental and lease commitments 7

# Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	3,250,000	0	16,264,526	19,514,526
Exchange rate adjustments	0	(213,326)	213,326	0
Profit/loss for the year	0	213,326	32,966	246,292
<b>Equity end of year</b>	<b>3,250,000</b>	<b>0</b>	<b>16,510,818</b>	<b>19,760,818</b>

# Notes

## 1 Staff costs

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	9,960,619	10,482,312
Pension costs	340,135	550,076
Other social security costs	99,978	111,617
Other staff costs	287,078	437,600
	<b>10,687,810</b>	<b>11,581,605</b>
Average number of full-time employees	<b>15</b>	<b>15</b>

## 2 Other financial income

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	1,979	4,002
Exchange rate adjustments	39,454	127,305
	<b>41,433</b>	<b>131,307</b>

## 3 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>
Cost beginning of year	901,800
<b>Cost end of year</b>	<b>901,800</b>
Depreciation and impairment losses beginning of year	(901,800)
<b>Depreciation and impairment losses end of year</b>	<b>(901,800)</b>
<b>Carrying amount end of year</b>	<b>0</b>

#### 4 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,142,897	309,853
Additions	0	8,222
<b>Cost end of year</b>	<b>3,142,897</b>	<b>318,075</b>
Revaluations beginning of year	(1,717,273)	0
Exchange rate adjustments	213,326	0
Share of profit/loss for the year	306,724	0
<b>Revaluations end of year</b>	<b>(1,197,223)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1,945,674</b>	<b>318,075</b>

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	250000	250,000
Limited Partners	12	250000	3,000,000
	<b>13</b>		<b>3,250,000</b>

#### 6 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	420,216
	<b>420,216</b>

**7 Unrecognised rental and lease commitments**

	<b>2019</b>	<b>2018</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>45,633</b>	<b>100,393</b>

# 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.

## 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

### Property, plant and equipment

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.

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

5 years

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.

### **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.

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