Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postbox 1600
0900 Copenhagen C

Phone +45 36 10 20 30
Fax +45 36 10 20 40
www.deloitte.dk

WIDEX HOLDING A/S

Nymøllevej 6
3540 Lynge
Central Business Registration
No 28511809

Annual report 01.05.2017 - 30.04.2018

The Annual General Meeting adopted the annual report on 28.09.2018

Chairman of the General Meeting

Name: Lars Nørgaard

Contents

Entity details

Entity
WIDEX HOLDING A/S
Nymøllevej 6
3540 Lynge

Central Business Registration No (CVR): 28511809
Founded: 22.03.2005
Registered in: Allerød
Financial year: 01.05.2017 - 30.04.2018

Board of Directors
Jan Tøpholm, Chairman
Anders Steen Westermann
Søren Erik Westermann
Richard Tøpholm
Julian Tøpholm

Executive Board
Lars Nørgaard, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postbox 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of WIDEX HOLDING A/S for the financial year 01.05.2017 - 30.04.2018.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Entity’s financial position at 30.04.2018 and of the results of its operations and cash flows for the financial year 01.05.2017 - 30.04.2018.

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, 24.09.2018

Executive Board

Lars Nørgaard
CEO

Board of Directors

Jan Tøpholm
Chairman

Anders Steen Westermann

Søren Erik Westermann

Richard Tøpholm

Julian Tøpholm

Independent auditor's report

To the shareholders of WIDEX HOLDING A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of WIDEX HOLDING A/S for the financial year 01.05.2017 - 30.04.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30.04.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2017 - 30.04.2018 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group’s and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 24.09.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Thomas Rosquist Andersen
State Authorised Public Accountant
Identification No (MNE) mne31482

Management commentary

	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000	2014/15 DKK'000	2013/14 DKK'000
Financial highlights					
Key figures					
Revenue	4.466.402	4.346.240	3.855.091	3.276.822	3.107.119
Normalised EBITA	914.214	792.787	692.720	453.742	280.451
Operating profit	618.891	527.644	415.690	129.809	(186.901)
Net financials	(125.682)	(57.173)	(109.280)	(36.746)	(92.120)
Profit for the year	383.039	365.395	163.230	33.783	(261.046)
Total assets	5.188.294	5.116.653	4.366.450	3.944.869	4.004.316
Investments in property, plant and equipment	139.131	152.150	117.834	55.611	843.499
Net Working Capital (NWC)	594.355	631.965	627.547	660.385	747.600
Equity	932.039	1.590.628	1.288.892	1.156.092	1.012.302
Ratios					
Normalised EBITA margin(%)	20,5	18,2	18,0	13,8	9,0
Net margin (%)	8,6	8,4	4,2	1,0	(8,4)
Return on equity (%)	30,4	25,4	13,4	3,1	(37,1)
Equity ratio (%)	18,0	31,1	29,5	29,3	25,3
Revenue per employee	1.059,1	1.069,2	970,1	885,6	862,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Normalised EBITA margin	$\frac{\text{Normalised EBITA x 100}}{\text{Revenue}}$	The entity's normalised operating profitability
Net margin (%)	$\frac{\text{Profit for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities
Widex Holding A/S is the holding company for Widex Group, UNEEG Medical A/S, T&W Engineering A/S and Nymøllevej ApS. Widex develops and manufactures hearing aids and associated products that are sold globally through 38 own sales companies and independent distributors in more than 100 countries around the world. UNEEG Medical A/S` main activity is commercialisation of medical devices for warning of hypoglycaemic seizures. T&W Engineering A/S` main activity is research and development of technology for measuring long-term EEG and its varied use.

Development in activities and finances
In 2017/18, the Group realised a revenue of DKK 4,466 million. Adjusted for foreign exchange rates, revenue increased by 8.1% (including foreign exchange rate effects, revenue increased by 2.8%), and Widex therefore maintained its market share.

Gross profit reached DKK 3,095 million or 69.3% of revenue, which is an improvement of 1.9 percentage points compared to last year. The improvement stems from continued reductions in production costs, combined with stable average sales prices in the market, driven in part by the launch of the new BEYOND Z™ product in November 2017.

Adjusted for non-recurring costs, earnings before interest, tax and amortisation (normalised EBITA) rose by 15.3% to DKK 914 million from DKK 793 million in 2016/17, corresponding to 20.5% of revenue. In 2016/17, normalised EBITA was 18.2% of revenue. The non-recurring costs in 2017/18 are mainly related to severance costs associated with restructuring in connection with the relocation of the local production to a regional centre, implementation of efficiency programmes and relocation of country head offices in Canada partly offset by an extraordinary gain on sale of fixed assets. These non-recurring costs affected EBITA negatively by DKK 66 million in 2017/18 (2016/17: DKK 40 million).

Results after tax ended at DKK 383 million compared to results after tax of DKK 365 million last financial year. Results after tax were affected negatively by foreign exchange losses, but positively by capitalisation of R&D costs.

Net Working Capital (NWC) ended at DKK 594 million or 13.3% of revenue, compared to DKK 632 million or 14.5% of revenue last year. The decrease in NWC of DKK 38 million is a result of an increase in payables partly offset by an increase in trade receivables and inventories driven by the product launch of the new Evoke product family in May 2018.

With 8.1% growth adjusted for foreign exchange items, a stronger global commercial approach, the BEYOND Z and Evoke launch as well as an improvement of DKK 121 million in normalised EBITA, Management considers the results to be very satisfactory and believes that Widex is well-positioned for further profitable growth. The results are in line with expectations set out in the annual report for 2016/17.

Management commentary

The market remains characterised by changing purchasing patterns that are moving increasing volumes towards larger buying groups and retail chains. Despite the changing purchasing patterns, Widex managed to maintain its average sales prices while still gaining market shares thanks to a strong product portfolio. The portfolio was reinforced during the year with several product launches, in particular very recent Widex Evoke which did not have any major impact on 2017/18, but will be a key growth driver in 2018/19. Widex will continue to invest significantly in new product development to strengthen its product portfolio even further.

At the beginning of April 2018, a new strategy for the next five years called the "Widex Wave" was launched. The strategy sets out to double the revenue of business within the next five years and replaces the previous IMPACT strategy (Improve, Profitability, Agility, Customer focus and become Truly global), which was completed successfully in 2017/18. "Widex Wave" has been developed with external and internal input and has been communicated and anchored across the organisation.

Outlook

The Group will continue to strengthen the business to increase sales and earnings directed by the new 5-year strategy, "Widex Wave". The new strategy includes, among other things, well-defined market strategies, new product launches and the continuous optimisation of the business and aims at doubling the business during the next five years. For 2018/19, both revenue and earnings are expected to grow compared to 2017/18 levels. Widex will therefore maintain an ambitious investment and activity level in development, sales and marketing to prepare the organisation for further growth.

Particular risks

Special risks

Management does not believe that the Group is exposed to any business or financial risks to an extent that significantly deviates from that generally seen in the industry.

Foreign exchange risks

With a global presence in more than 100 countries, Widex is exposed to financial risks in connection with fluctuations in exchange rates. The Group has to a very limited extent used financial products for hedging when relevant.

Intellectual capital resources

Widex's specialised workforce and high level of internal knowledge are crucial for the Company's ability to maintain and develop its position on the global hearing aid market. Widex therefore works to maintain a high level of skills through the continued recruitment and retention of competent and dynamic employees. As part of this, considerable resources are spent on knowledge sharing, training, education and communication within the Widex Group.

Furthermore, the Group cooperates closely with a large network of external experts, particularly in the field of audiology.

Management commentary

Research and development activities
Widex has almost six decades of experience in conducting research and developing new technology and methods to overcome hearing loss. To maintain its position as a technology leader in a highly competitive market, the Group continued to strengthen its Research & Development department during the financial year.

In 2017/18, R&D costs of DKK 120 million have been capitalised as development projects. The capitalisation follows the accounting policies set out at the end of the financial statements and internal R&D registrations, which have been further strengthened during 2017/18. As no amortisation has been made on this initial capitalisation, this has a positive impact on the results for 2017/18.

Statutory report on corporate social responsibility
The Widex CSR Declaration, adopted in 2012, outlines the framework for the Company’s commitment to CSR. The Declaration is translated into action through three focus areas for 2012-2017: Energy and Climate, Social Engagement and Sustainable Packaging.

Energy and Climate
Widex has a strong environmental focus. Widex headquarters are CO2-neutral and Widex is a WindMade certified organisation.

In 2012, the European Commission established the European Energy Efficiency Directive which contains a set of binding measures to help the EU reach its 20% energy efficiency target by 2020. EU countries were required to transpose the Directive's provisions into their national laws by 5 June, 2014. As part of this legal framework, all large companies in Denmark are now requested to conduct an energy audit every four years.

Widex has been a first mover in this respect and was one of the first Danish companies to carry out an energy audit in 2015/16 to meet the European Union Energy Efficiency Directive. It has become a benchmark for other Danish companies who are currently in the same process.

At the same time, a new internal environmental policy was introduced to ensure sustainable production processes. The Group has since delivered according to this policy and continued the commitment to reducing its carbon footprint through a series of energy-saving measures, including the recycling of waste at headquarters.

Social Engagement
Widex is committed to the global fight against stigma related to hearing loss and was the main sponsor of the World Deaf Golf Championship in 2017.

Widex supports the Red Cross through the Red Cross Business Partnership programme, and the Group’s social engagement is also reflected in cooperation with the local municipality of Allerød on the rehabilitation of people with social problems as well as donations for local sports clubs.

Management commentary

Human rights and business ethics

Widex continuously seeks to support and respect the protection of internationally-recognised human rights. The Company strives to always conduct business in an ethical and transparent manner and to ensure that the Company's business partners are not complicit in violations of human rights. As part of this a new internal code of conduct has been formulated and it was launched in the global organisation in January 2018.

Statutory report on the underrepresented gender

Widex wishes to promote diversity at all levels of the Company. Discrimination and harassment are not tolerated in any form. In 2017 and 2018, a series of new policies, including the updated code of conduct, was introduced to support this commitment, including an updated working environment policy and an antiharassment policy.

Widex wishes to promote equal opportunities for both men and women at all levels of the organisation. Widex Group employs 450 people globally with managerial responsibility and of these, 45% are women. Widex A/S employs 85 people with senior managerial responsibility. Out of these, 25 are women, and several women have been promoted internally to senior management positions during 2017/18. The share of women in positions with managerial responsibility is at an acceptable level and the policies introduced in the last two financial years will help ensure equal opportunities in the future.

The Board of Directors currently consists of five members, whom are representatives of the owner families. Currently, no women are represented at the board, due to the fact that there are no women over the age of 18 among the owners. Reference is made to Widex A/S, where the majority of the company´s activities takes place and where the target is to have at least two female board members represented by 2020. The board composition is currently being reviewed with the ambition to add new board members during the next financial year 2018/19.

Widex headquarters have received the highest rating for its working environment, and Widex A/S has introduced a global employee engagement survey every other year to monitor and strengthen employee engagement and satisfaction on a global level. Engagement in Widex has risen significantly in the last four years, getting close to the very best results shown by similar companies. Satisfaction & Motivation and Loyalty measures both saw increases to 71 and 81, respectively. The Employee Engagement Survey has been held in 2014, 2015 and 2017 and more than 93% of those surveyed answered in 2017.

Events after the balance sheet date

On 16 May 2018, it was announced that Widex and Sivantos have agreed on merging the two companies. The proposed merger is subject to approval by the merger control authorities and the process with the authorities is progressing as planned.

In the opinion of the Board of Directors, no other events have occurred after the end of the financial year that could substantially affect the Group's financial position.

Consolidated income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Revenue	1	4.466.402	4.346.240
Production costs	3	(1.371.488)	(1.415.433)
Gross profit		**3.094.914**	**2.930.807**
Distribution costs	3	(1.797.272)	(1.688.974)
Administrative expenses	**2, 3**	(698.329)	(727.685)
Other operating income		19.578	13.496
Operating profit		**618.891**	**527.644**
Income from investments in associates		(2.531)	(2.657)
Income from other fixed asset investments		0	(4.145)
Other financial income	4	17.964	53.372
Other financial expenses	5	(141.115)	(103.743)
Profit before tax		**493.209**	**470.471**
Tax on profit for the year	6	(110.170)	(105.076)
Profit for the year	7	**383.039**	**365.395**

Consolidated balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Completed development projects		69.718	0
Acquired licences		53.742	53.609
Acquired trademarks		173.546	213.048
Goodwill		1.062.585	1.189.364
Development projects in progress		49.927	0
Intangible assets	8	**1.409.518**	**1.456.021**
Land and buildings		961.829	992.353
Plant and machinery		137.430	129.576
Other fixtures and fittings, tools and equipment		139.768	134.313
Property, plant and equipment in progress		39.259	13.681
Property, plant and equipment	9	**1.278.286**	**1.269.923**
Investments in associates		46.979	43.246
Receivables from associates		34.234	39.388
Other investments		5.531	9.583
Other receivables		367.887	295.354
Deferred tax	11	209.641	205.601
Fixed asset investments	10	**664.272**	**593.172**
Fixed assets		**3.352.076**	**3.319.116**

Consolidated balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Raw materials and consumables		36.932	36.641
Work in progress		165.149	143.569
Manufactured goods and goods for resale		207.908	178.932
Prepayments for goods		9.486	2.142
Inventories		**419.475**	**361.284**
Trade receivables		733.451	720.390
Receivables from associates		33.619	21.778
Other receivables		290.904	288.814
Income tax receivable		7.755	0
Prepayments	12	66.352	48.695
Receivables		**1.132.081**	**1.079.677**
Other investments		6.757	7.236
Other investments		**6.757**	**7.236**
Cash		**277.905**	**349.340**
Current assets		**1.836.218**	**1.797.537**
Assets		**5.188.294**	**5.116.653**

Consolidated balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		500.000	500.000
Retained earnings		386.171	942.280
Proposed dividend		0	100.000
Equity attributable to the Parent's owners		**886.171**	**1.542.280**
Share of equity attributable to minority interests		**45.868**	**48.348**
Equity		**932.039**	**1.590.628**
Provisions for pension liabilities etc	13	9.670	14.479
Deferred tax	11	73.344	52.561
Other provisions	14	125.189	146.678
Provisions		**208.203**	**213.718**
Mortgage debt	15	369.899	371.042
Bank loans	16	2.319	1.199
Other payables	17	113.242	240.292
Non-current liabilities other than provisions		**485.460**	**612.533**
Bank loans		53	16.170
Prepayments received from customers		666	2.816
Trade payables		382.103	319.724
Payables to related parties		2.564.327	1.790.368
Income tax payable		51.351	98.104
Other payables		564.092	472.592
Current liabilities other than provisions		**3.562.592**	**2.699.774**
Liabilities other than provisions		**4.048.052**	**3.312.307**
Equity and liabilities		**5.188.294**	**5.116.653**
Unrecognised rental and lease commitments	19		
Contingent assets	20		
Assets charged and collateral	21		
Transactions with related parties	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	500.000	942.280	100.000	48.348
Ordinary dividend paid	0	0	(100.000)	(6.054)
Extraordinary dividend paid	0	(800.000)	0	0
Exchange rate adjustments	0	(128.250)	0	(7.957)
Fair value adjustments of hedging instruments	0	966	0	0
Other entries on equity	0	0	0	(333)
Profit for the year	0	371.175	0	11.864
Equity end of year	**500.000**	**386.171**	**0**	**45.868**

	Total DKK'000
Equity beginning of year	1.590.628
Ordinary dividend paid	(106.054)
Extraordinary dividend paid	(800.000)
Exchange rate adjustments	(136.207)
Fair value adjustments of hedging instruments	966
Other entries on equity	(333)
Profit for the year	383.039
Equity end of year	**932.039**

Consolidated cash flow statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Operating profit		618.891	527.644
Amortisation, depreciation and impairment losses		314.810	322.587
Working capital changes	18	(47.429)	(34.611)
Other provisions		(26.297)	(79.238)
Cash flow from ordinary operating activities		**859.975**	**736.382**
Financial income received		13.102	53.371
Financial expenses paid		(212.650)	(102.420)
Income taxes refunded/(paid)		(140.846)	(115.698)
Cash flows from operating activities		**519.581**	**571.635**
Acquisition etc of intangible assets		(281.232)	(555.295)
Acquisition etc of property, plant and equipment		(139.131)	(152.150)
Sale of property, plant and equipment		32.185	38.302
Acquisition of fixed asset investments		(80.239)	(97.519)
Sale of fixed asset investments		8.549	2.372
Cash flows from investing activities		**(459.868)**	**(764.290)**
Loans raised		0	362.947
Repayments of loans etc		(15.018)	(23.667)
Incurrence of debt to associates		5.154	0
Dividend paid		(906.054)	(110.987)
Incurrence of debt to related parties		784.771	(28.633)
Cash flows from financing activities		**(131.147)**	**199.660**
Increase/decrease in cash and cash equivalents		**(71.434)**	**7.005**
Cash and cash equivalents beginning of year		349.339	342.335
Cash and cash equivalents end of year		**277.905**	**349.340**

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Revenue		
America's	1.864.262	1.745.665
Western Europe	1.297.450	1.288.524
Eastern Europe	319.015	333.375
APAC and rest	985.675	978.676
	4.466.402	**4.346.240**

Management believes that a break-down of revenue on segments/activities may create a competitive unwanted attention and focus on its core areas. The information may contribute to competing enterprises' strategic decision-making and thus the Company will suffer significant injury.

As a result, the Group, pursuant to § 96 (3) of the Danish Financial Statements Act, chooses not to disclose this information.

	2017/18 DKK'000	2016/17 DKK'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	5.014	7.845
Tax services	1.203	517
Other services	1.498	1.942
	7.715	**10.304**

	2017/18 DKK'000	2016/17 DKK'000
3. Staff costs		
Wages and salaries	1.610.800	1.651.106
Pension costs	110.523	141.230
Other social security costs	89.249	89.899
Other staff costs	45.101	35.579
	1.855.673	**1.917.814**
Average number of employees	**4.217**	**4.065**

There is no remuneration of Management of The Executive Board and the Board of directors does not receive remuneration.

Notes to consolidated financial statements

	2017/18 DKK'000	2016/17 DKK'000
4. Other financial income		
Exchange rate adjustments	0	28.998
Other financial income	17.964	24.374
	17.964	**53.372**

	2017/18 DKK'000	2016/17 DKK'000
5. Other financial expenses		
Exchange rate adjustments	33.001	0
Other financial expenses	108.114	103.743
	141.115	**103.743**

	2017/18 DKK'000	2016/17 DKK'000
6. Tax on profit/loss for the year		
Current tax	102.139	121.709
Change in deferred tax	13.899	(6.221)
Adjustment concerning previous years	(5.868)	(10.412)
	110.170	**105.076**

	2017/18 DKK'000	2016/17 DKK'000
7. Proposed distribution of profit/loss		
Retained earnings	371.175	353.066
Minority interests' share of profit/loss	11.864	12.329
	383.039	**365.395**

Notes to consolidated financial statements

	Completed development projects DKK'000	Acquired licences DKK'000	Acquired trademarks DKK'000	Goodwill DKK'000
8. Intangible assets				
Cost beginning of year	0	151.736	438.676	3.394.283
Exchange rate adjustments	0	(4.968)	(13.373)	(133.133)
Transfers	0	1.976	(1.976)	0
Additions	69.718	26.246	14.968	120.374
Disposals	0	(860)	(2.237)	(5.668)
Cost end of year	**69.718**	**174.130**	**436.058**	**3.375.856**
Amortisation and impairment losses beginning of year	0	(98.127)	(225.628)	(2.204.919)
Exchange rate adjustments	0	2.745	7.696	46.953
Transfers	0	(1.577)	1.577	0
Amortisation for the year	0	(24.239)	(46.360)	(159.617)
Reversal regarding disposals	0	810	203	4.312
Amortisation and impairment losses end of year	**0**	**(120.388)**	**(262.512)**	**(2.313.271)**
Carrying amount end of year	**69.718**	**53.742**	**173.546**	**1.062.585**

Notes to consolidated financial statements

	Develop-ment projects in progress DKK'000
8. Intangible assets	
Cost beginning of year	0
Exchange rate adjustments	0
Transfers	0
Additions	49.927
Disposals	0
Cost end of year	**49.927**
Amortisation and impairment losses beginning of year	0
Exchange rate adjustments	0
Transfers	0
Amortisation for the year	0
Reversal regarding disposals	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**49.927**

Development projects

Development projects relate to the development of updated and new platforms, software for audio-logical products and products for monitoring of Epilepsy and Diabetes. The costs of the development projects comprise salaries, external consultant costs and other external costs, that are directly and indirectly attributable to the development projects. The recognition of development costs is based on the actual progress of the projects, measured based on internal time registrations and achieved milestones. The development projects are progressing as planned.

Notes to consolidated financial statements

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
9. Property, plant and equipment				
Cost beginning of year	1.089.547	485.230	454.105	13.681
Exchange rate adjustments	(12.095)	(6.001)	(20.520)	(291)
Transfers	(13.925)	185	15.415	(1.674)
Additions	4.691	51.240	55.367	27.832
Disposals	(16.985)	(12.031)	(19.922)	(289)
Cost end of year	**1.051.233**	**518.623**	**484.445**	**39.259**
Depreciation and impairment losses beginning of year	(97.194)	(355.654)	(319.792)	0
Exchange rate adjustments	1.987	4.970	13.224	0
Transfers	8.746	0	(8.746)	0
Depreciation for the year	(13.005)	(39.815)	(44.647)	0
Reversal regarding disposals	10.062	9.306	15.284	0
Depreciation and impairment losses end of year	**(89.404)**	**(381.193)**	**(344.677)**	**0**
Carrying amount end of year	**961.829**	**137.430**	**139.768**	**39.259**

Notes to consolidated financial statements

	Investments in associates DKK'000	Receivables from associates DKK'000	Other investments DKK'000	Other receivables DKK'000
10. Fixed asset investments				
Cost beginning of year	44.547	39.388	13.627	295.354
Exchange rate adjustments	(957)	0	0	0
Transfers	0	0	0	0
Additions	7.233	0	149	302.078
Disposals	0	(5.154)	(6.207)	(229.545)
Cost end of year	**50.823**	**34.234**	**7.569**	**367.887**
Impairment losses beginning of year	(1.301)	0	(4.044)	0
Exchange rate adjustments	(11)	0	0	0
Amortisation of goodwill	(1.638)	0	0	0
Share of profit/loss for the year	(894)	0	0	0
Reversal of impairment losses	0	0	2.006	0
Impairment losses end of year	**(3.844)**	**0**	**(2.038)**	**0**
Carrying amount end of year	**46.979**	**34.234**	**5.531**	**367.887**

	Deferred tax DKK'000
10. Fixed asset investments	
Cost beginning of year	212.840
Exchange rate adjustments	(9.820)
Transfers	(7.437)
Additions	14.058
Disposals	0
Cost end of year	**209.641**
Impairment losses beginning of year	0
Exchange rate adjustments	0
Amortisation of goodwill	0
Share of profit/loss for the year	0
Reversal of impairment losses	0
Impairment losses end of year	**0**
Carrying amount end of year	**209.641**

Notes to consolidated financial statements

	2017/18 DKK'000
11. Deferred tax	
Changes during the year	
Beginning of year	153.040
Recognised in the income statement	(6.908)
Exchange rate adjustments	(9.835)
End of year	**136.297**

The above specification includes deferred tax asset and deferred tax liability. The change in deferred tax asset amounts to DKK 4.040 thousand and the change in deferred tax liability amounts to DKK 20.783 thousand.

12. Prepayments

Prepayments comprise incurred costs concerning the next financial year.

13. Provisions for pensions and similar liabilities

	Provisions for pensions and similar obligations DKK'000
Maturity is expected to be:	
0-1 year	260
1-5 years	1.041
More than 5 years	8.369
	9.670

14. Other provisions

	Total other provisions DKK'000
Maturity is expected to be:	
0-1 year	60.655
1-5 years	56.619
More than 5 years	7.914
	125.189

Other provisions are mainly related to warranties and returns.

Notes to consolidated financial statements

15. Long-term mortgage debt

The Group has a policy regarding interest rate on significant long-term loans for which risks is to be limited. The policy is respected by either raising fixed rate loans or by hedging the interest rate risk on a floating rate loan with an interest rate swap that converts the variable rate to a fixed rate.

The Group has entered into an interest rate swap agreement to limit interest rate risk on floating-rate mortgages with a residual debt of DKK 369.899 thousand to expire in 2047. There are two interest rate swap agreement both with outstanding debt of DKK 183.303 thousand each, one that expires in 2027 and the other to expire in 2037. Changes in market value of the interest rate swap is recognized directly in equity.

	Total mortgage debt DKK'000
Maturity is expected to be:	
0-1 year	0
1-5 years	0
More than 5 years	369.899
	369.899

16. Long-term bank loans

Long-term bank loans are due for payment after 1 year and before 5 years.

	2017/18 DKK'000	**2016/17 DKK'000**
17. Other long-term payables		
Other payables	113.242	240.292
	113.242	**240.292**

Long-term other debt are due for payment after 1 year and before 5 years.

	2017/18 DKK'000	**2016/17 DKK'000**
18. Change in working capital		
Increase/decrease in inventories	(58.191)	11.526
Increase/decrease in receivables	(39.877)	(255.409)
Increase/decrease in trade payables etc	136.112	172.971
Other changes	(85.473)	36.301
	(47.429)	**(34.611)**

Notes to consolidated financial statements

19. Unrecognised rental and lease commitments

The group has entered into leases, primarily regarding office and production facilities as well as retail premises. Total rent commitments amount to DKK 420.872 thousand (April 30, 2017: DKK 420.993 thousand). In addition, the company has unrecognised re-establishment liabilities in relation to its leased premises. However these are not expected to be made payable.

The Group has entered into other operational leasing contracts with a total outstanding leasing payment of DKK 24.111 thousand (April 30, 2017: DKK 21.607 thousand).

20. Contingent assets

Tax base of non-capitalized deferred tax asstes amounts to DKK 11.553 thousand (April 30, 2017: DKK 60.000 thousand) and is mainly related to tax loss carryforwards for which there is a material uncertainty about future utilization. The tax loss carryforwards will not expire in the near future.

21. Assets charged and collateral

The Group has provided guarantees for leases and payment guarantees etc. On April 30, 2018 total guarantees amount to DKK 30.555 thousand.

Mortgage debt is secured by way of a deposit mortgage deed registered to the mortgagor on properties of DKK 811.011 thousand as of April 30, 2018.

22. Transactions with related parties

All transactions with related parties are entered on market terms.

Within the Widex Group the "Resale Price Method" is used in the dertermination of transfer prices across the controlled sales companies. This implies that Widex A/S will make an adjustment of transfer prices for "Transactional Net Margin Method" (TNMM) to the sales companies which means that they will each receive a share of the Group's eanings calculated on arm's length terms.

Notes to consolidated financial statements

	Registered in	Equity interest %
23. Subsidiaries		
Widex Argentina S.A.	Argentina	51,0
Widex Australia Pty. Ltd.	Australia	100,0
Active Hearing Pty. Ltd.	Australia	100,0
T.W. Electronic SA	Belgium	100,0
Widex Slusni Aparati d.o.o.	Bosnia and Herzegovina	60,0
Coselgi Aparelhos Auditivos Ltda.	Brazil	100,0
Centro Auditivo Widex Brasitom Ltda.	Brazil	100,0
TW Group Canada Inc.	Canada	100,0
Lifestyle Hearing Corporation Inc.	Canada	100,0
Lifestyle Hearing Network Inc.	Canada	100,0
Calvori Hearing Ltd.	Canada	100,0
Helix Hearing Inc.	Canada	100,0
Helix Service Corporation Inc.	Canada	100,0
McNeill Audiology Sidney Inc.	Canada	100,0
McNeill Audiology Oak Bay Inc.	Canada	90,0
Ontario Inc.	Canada	100,0
Ex-Cell Hearing Centers Ltd.	Canada	100,0
Widex Canada Ltd.	Canada	100,0
Widex Chile SpA	Chile	100,0
Widex Hearing Aid (Shanghai) Co. Ltd.	China	100,0
Widex Line spol. s r.o.	Czech republic	100,0
Bloomhearing ApS	Denmark	100,0
Investments DK ApS	Denmark	100,0
Widex DK A/S	Denmark	100,0
Coselgi DK ApS	Denmark	100,0
Nymøllevej ApS	Denmark	100,0
T&W Engineering A/S	Denmark	100,0
UNEEG Medical A/S	Denmark	81,8
Widex A/S	Denmark	100,0
Widex Esti OÜ	Estonia	100,0
Widex Akustik Oy	Finland	100,0
Clermont Distribution SAS	France	100,0
Widex SAS	France	98,1
Widex Hörgeräte GmbH	Germany	100,0
Starry Hearing & Speech Centre Ltd.	Hong Kong	65,0

Notes to consolidated financial statements

	Registered in	Equity interest %
23. Subsidiaries (continued)		
Widex Hong Kong Hearing & Speech Centre Ltd.	Hong Kong	100,0
Audiofon Kft.	Hungary	100,0
WIDEX-H Kft.	Hungary	100,0
Widex India Private Limited	India	100,0
Bonavox Limited	Ireland	100,0
Widex Italia S.r.l.	Italy	100,0
Cos.El.Gi - Costruzioni Elettroniche Gianetti - Societa Per Azi Oni - In Liquidazione	Italy	100,0
Widex Japan Co. Ltd.	Japan	100,0
Bloom Hearing Co. Ltd.	Japan	100,0
Widex Hearing Aid Sdn Bhd	Malaysia	100,0
COW - Audición en Alta Definición S.A. de C.V.	Mexico	100,0
Widex New Zealand Ltd.	New Zealand	100,0
Bloom Hearing Ltd.	New Zealand	100,0
Hearing Aid Specialists Ltd.	New Zealand	100,0
Widex Norge AS	Norway	100,0
Widex Poland Sp. Z.o.o.	Poland	60,0
Widex Regional Operation Center EMEA Sp. Z.o.o.	Poland	100,0
Widex - Reabilitacão Auditiva Unipessoal, Lda.	Portugal	100,0
Coselgi Portugal S.A.	Portugal	100,0
Widex OOO LLC	Russia	100,0
Widex Service OOO LLC	Russia	100,0
Widex Singapore Pte Ltd	Singapore	100,0
Widex - Slovton Slovakia s.r.o.	Slovakia	100,0
Widex trading d.o.o	Slovenia	60,0
Slušni aparati - Widex d.o.o.	Slovenia	84,2
Widex South Africa (Pty) Ltd.	South Africa	100,0
Widex Korea Ltd.	South Korea	100,0
AB Widex	Sweden	100,0
Widex Biocord AB	Sweden	100,0
Hörselhuset Aktiebolag	Sweden	100,0
Bloomhearing Specialists AB	Sweden	100,0
Widex Hörgeräte AG	Switzerland	100,0
PFAU Holding	Switzerland	100,0
Chestenbaum AG	Switzerland	100,0

Notes to consolidated financial statements

	Registered in	Equity interest %
23. Subsidiaries (continued)		
Veenhuis Medical Audio B.V.	The Netherlands	100,0
Widex Nederland B.V.	The Netherlands	100,0
Widex Tibbi ve Teknik Cihazlar San. ve Tic. A.S.	Turkey	100,0
ReOton Ltd.	Ukraine	100,0
Winster House Limited	United Kingdom	100,0
Widex UK Limited	United Kingdom	100,0
Coselgi UK Limited	United Kingdom	100,0
Widex Marketing Services Limited	United Kingdom	100,0
Bloom Hearing Specialists Limited	United Kingdom	100,0
Aberdeen Hearing Services Ltd.	United Kingdom	100,0
Acuitis Optical & Hearing Limited	United Kingdom	100,0
Widex Uruguay SA.	Uruguay	51,0
Lifestyle Hearing Professionals, LLC, a Delaware limited liability company	USA	100,0
Helix Care (Pensylvania), Inc.	USA	100,0
Lifestyle Managed Care, LLC, a Delaware limited liability company	USA	100,0
Physician Audiology Services, Inc., a Florida corporation	USA	100,0
New Asheville Audiology Services, PLLC, a North Carolina professional limited liability company	USA	100,0
Happy Hearing, LLC, a Delaware limited liablity company	USA	100,0
Lifestyle Hearing Corporation USA Inc.	USA	100,0
Helix Hearing Care (Florida) Partnership, LLC	USA	100,0
Helix Hearing Care (Texas) Partnership, LLC	USA	100,0
Helix Hearing Care (California), Inc.	USA	100,0
Helix Hearing Care (Ohio) Partnership, LLC	USA	100,0
Audiology Management Group Inc.	USA	100,0
Hearing Center of Broward, Inc.	USA	100,0
The Hearing Center at ENTA, LLC	USA	60,0
PAS Develoopment Services, LLC dba Florida Medical Hearing Centers	USA	55,0
HHC Naples, LLC	USA	60,0
Medical Hearing Systems, LLC	USA	70,0
Randa Manshor-Shousher, LLC d/b/a Northwest Ohio Hearing Clinic	USA	51,0
Hands on Hearing, Inc.	USA	51,0
Hear Again Hearing Aids, LLC	USA	60,0
Widex USA Inc.	USA	100,0

Parent income statement for 2017/18

	Notes	2017/18 DKK'000	2016/17 DKK'000
Administrative expenses		(252)	(384)
Operating profit		**(252)**	**(384)**
Income from investments in group enterprises		376.781	360.332
Other financial income	1	29.708	29.206
Other financial expenses	2	(36.643)	(41.269)
Profit before tax		**369.594**	**347.885**
Tax on profit for the year	3	1.581	5.181
Profit for the year	4	**371.175**	**353.066**

Parent balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Investments in group enterprises		2.512.610	2.638.115
Fixed asset investments	5	**2.512.610**	**2.638.115**
Fixed assets		**2.512.610**	**2.638.115**
Receivables from group enterprises		966.778	986.067
Other receivables		14.469	11.926
Income tax receivable		1.581	2.996
Prepayments	6	2.201	0
Receivables		**985.029**	**1.000.989**
Cash		**40**	**301**
Current assets		**985.069**	**1.001.290**
Assets		**3.497.679**	**3.639.405**

Parent balance sheet at 30.04.2018

	Notes	2017/18 DKK'000	2016/17 DKK'000
Contributed capital		500.000	500.000
Retained earnings		386.171	942.282
Proposed dividend		0	100.000
Equity		**886.171**	**1.542.282**
Trade payables		2.311	150
Payables to group enterprises		44.870	398.752
Payables to related parties		2.564.327	1.698.221
Current liabilities other than provisions		**2.611.508**	**2.097.123**
Liabilities other than provisions		**2.611.508**	**2.097.123**
Equity and liabilities		**3.497.679**	**3.639.405**
Contingent liabilities	7		
Assets charged and collateral	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	500.000	942.282	100.000	1.542.282
Ordinary dividend paid	0	0	(100.000)	(100.000)
Extraordinary dividend paid	0	(800.000)	0	(800.000)
Exchange rate adjustments	0	(128.252)	0	(128.252)
Fair value adjustments of hedging instruments	0	966	0	966
Profit for the year	0	371.175	0	371.175
Equity end of year	**500.000**	**386.171**	**0**	**886.171**

Notes to parent financial statements

	2017/18 DKK'000	2016/17 DKK'000
1. Other financial income		
Financial income arising from group enterprises	29.166	28.653
Other financial income	542	553
	29.708	**29.206**

	2017/18 DKK'000	2016/17 DKK'000
2. Other financial expenses		
Financial expenses from group enterprises	0	2.531
Other financial expenses	36.643	38.738
	36.643	**41.269**

	2017/18 DKK'000	2016/17 DKK'000
3. Tax on profit/loss for the year		
Current tax	(1.581)	(2.759)
Adjustment concerning previous years	0	(2.422)
	(1.581)	**(5.181)**

	2017/18 DKK'000	2016/17 DKK'000
4. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	100.000
Retained earnings	371.175	253.066
	371.175	**353.066**

Notes to parent financial statements

	Invest-ments in group enterprises DKK'000
5. Fixed asset investments	
Cost beginning of year	2.944.678
Additions	25.000
Cost end of year	**2.969.678**
Revaluations beginning of year	744.705
Exchange rate adjustments	(128.252)
Share of profit/loss for the year	387.226
Dividend	(400.000)
Fair value adjustments	966
Revaluations end of year	**604.645**
Amortisation beginning of year	(1.051.268)
Amortisation for the year	(10.445)
Amortisation end of year	**(1.061.713)**
Carrying amount end of year	**2.512.610**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6. Prepayments

Prepayments comprise incurred costs concerning the next financial year.

7. Contingent liabilities

The company is subject to a 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 withholding tax on interest, royalties and dividends.

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

8. Assets charged and collateral

The parent company has provided guarantees for mortgage debts and payment guarantees of the group enterprises. On April 30, 2018 total bank guarantees of the group enterprises were DKK 364.086 thousand (April 30, 2017: DKK 363.991 thousand).

Notes to parent financial statements

9. Transactions with related parties

All transactions with related parties are entered on market terms.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

The comparative figures have been adjusted with some reclassifications. The reclassifications have no impact on profit for the year, total assets and equity.

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.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for

Accounting policies

distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investmen in the subsidiary in question are cllassified directly as equity.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement
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 is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs
Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Accounting policies

Administrative expenses
Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

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

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 internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Income from other fixed asset investments
Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

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 as well as 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 as well as 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 company is tax jointly with all Danish group enterprises. The current Danish corporation tax is allocated between the tax jointly enterprises in proportion to their taxable income (total allocation with refusion of the taxable loss).

Accounting policies

Balance sheet
Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the maturity of the projects, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries, external consultant costs and other external costs, that are directly and indirectly attributable to the development projects.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.

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.

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

Accounting policies

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.

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:

Buildings	30-40 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 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
In the parent financial statements, 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 unamortised goodwill and plus or minus unrealised intra-group profits and 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 associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates 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 associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are stratically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets.

Investments in associates 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 investments measured at the lower of cost and net realisable value.

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.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

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.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

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

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

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.

Minority interests
Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Provisions for pension liabilities etc
Provisions for pensions etc are measured at net realisable value equal to the present value of expected payments by the individual pension schemes etc.

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.

Accounting policies

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.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.