



CHRISTENSEN

KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

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Widex Holding A/S
Nymøllevej 6, 3540 Lyngé

Company reg. no. 28 51 18 09

Annual report

1 May 2016 - 30 April 2017

The annual report has been submitted and approved by the general meeting on the 22 September 2017.

Lars Nørgaard
Chairman of the meeting



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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



Management's report

The board of directors and the managing director have today presented the annual report of Widex Holding A/S for the financial year 1 May 2016 to 30 April 2017.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 30 April 2017, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 May 2016 to 30 April 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Lynge, 14 August 2017

Managing Director

Lars Nørgaard

Board of directors

Jan Tøpholm

Anders Westermann

Søren Westermann

Julian Tøpholm

Richard Tøpholm



Independent auditor's report

To the shareholders of Widex Holding A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Widex Holding A/S for the financial year 1 May 2016 to 30 April 2017, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 30 April 2017 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 May 2016 to 30 April 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:



Independent auditor's report

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and the company'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 annual accounts and the annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.



Independent auditor's report

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 14 August 2017

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Elan Schapiro
State Authorised Public Accountant



Company data

The company Widex Holding A/S
Nymøllevej 6
3540 Lyngé

Company reg. no. 28 51 18 09
Established: 22 March 2005
Domicile: Allerød
Financial year: 1 May 2016 - 30 April 2017

Board of directors Jan Tøpholm
Anders Westermann
Søren Westermann
Julian Tøpholm
Richard Tøpholm

Managing Director Lars Nørgaard

Auditors Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab



Consolidated financial highlights

DKK in thousands.

	2016/17	2015/16	2014/15	2013/14	2012/13
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Profit and loss account:

Net turnover	4.346.238	3.855.091	3.276.822	3.107.119	3.129.842
Normalized EBITA	792.787	692.720	453.742	280.451	85.300
Results from operating activities	527.644	415.690	129.809	-186.901	-288.762
Net financials	-57.173	-109.280	-36.746	-92.120	-81.082
Results for the year	365.395	163.230	33.783	-261.046	-367.984

Balance sheet:

Balance sheet sum	5.116.653	4.366.450	3.944.869	4.004.316	3.601.202
Investments in tangible fixed assets represent	152.150	117.834	55.611	843.499	149.010
Equity	1.590.628	1.288.892	1.156.092	1.012.302	393.085
Net working capital (NWC)	699.235	627.547	660.385	747.600	772.810

Cash flow:

Operating activities	571.635	633.919	567.963	22.818	-133.574
Investment activities	-764.290	-719.970	-187.381	-1.014.742	-508.413
Financing activities	199.660	-7.414	-333.546	992.331	517.543
Cash flow in total	7.005	-93.465	47.036	407	-124.444

Employees:

Average number of full time employees	4.065	3.974	3.700	3.604	3.682
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Key figures in %:

Normalized EBITA margin	18,2	18,0	13,8	9,0	2,7
Profit margin	12,1	10,8	4,0		
Solvency ratio	30,1	29,5	29,3	25,3	10,9
Return on equity	24,9	13,4	3,1		

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

Previously the key figures 'Result for the year' and 'Equity' have been recorded after reduction for minority interests. From this year the key figures 'Result for the year' and 'Equity' are recorded before reduction for minority interests. The key figures for the previous years are not adjusted accordingly.



Financial highlights for the parent company

The key figures appearing from the survey have been calculated as follows:

$$\text{Normalized EBITDA margin} = \frac{\text{Normalized EBITDA} \times 100}{\text{Net turnover}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

$$\text{Solvency ratio} = \frac{\text{Equity less minority interests, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

$$\text{Return on equity} = \frac{\text{*Results} \times 100}{\text{Average equity exclusive of minority interests}}$$

***Results** Results for the year with deduction of minority interests' share of same



Management's review

The principal activities of the group

Widex Holding A/S (Widex) develops and manufactures hearing aids and associated complementary 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 commercialization of medical devices to warn about hypoglycemic attacks and other uses of subcutaneous EEG measurements. T&W Engineering A/S' main activity is research and development of technology to measure very long-term EEG and it's varies uses. The goal is future licensing as well as production of components related to this research.

Development in activities and financial matters

In 2016/17, Widex realised a net turnover of DKK 4.346 million. Adjusted for foreign exchange rates, net turnover increased by 12,4% (including foreign exchange rate effects, net turnover increased by 12,7%). Adjusted for foreign exchange rates competitors reported growth of 8% - 12% in the same period, indicating that Widex has increased its market share.

Gross results ended at DKK 3.017 million or 69,4% of net turnover, which is an improvement of 1,2 percentage points compared to last year. This 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™ product in December 2016.

Adjusted for non-recurring costs, Earnings Before Interest, Tax and Amortizations (normalized EBITA) rose by 14,4% to DKK 793 million from DKK 693 million in 2015/16, corresponding to 18,2% of net turnover. In 2015/16, normalized EBITA was 18,0% of net turnover. The non-recurring costs in the financial year are mainly related to severance costs associated with the moving of production, the restructuring of the back-office set-up and a loss of a sale on a building. These non-recurring costs affected EBITA negatively with DKK 40 million in 2016/17.

Results after tax ended at DKK 365 million compared to results after tax of DKK 173 million last financial year. Results after tax were affected negatively by foreign exchange losses, but positively by lower tax for the year.

Net working capital (NWC) ended at DKK 699 million or 16,1% of net turnover compared to DKK 628 million or 16,3% of net turnover last year. The increase in NWC of DKK 72 million is a result of higher trade debtors due to higher sales and higher inventories due to the recent BEYOND launch, partly offset by higher trade creditors driven by better payment terms from suppliers.

With a growth of 12,7% driven by a stronger global commercial approach and the BEYOND launch, and an improvement of DKK 100 million in normalized EBITA, management considers the results very satisfactory, and believes that Widex is well positioned for further profitable growth.

The market continues to be characterised by changing purchasing patterns that are moving increasing volumes towards larger buying groups and retail chains. Despite this, Widex managed to maintain its average sales price while still gaining market share thanks to a strong product portfolio. The portfolio was reinforced during the year with several product launches, in particular the BEYOND launch. Moving forward, Widex will continue to invest significantly in new product development to strengthen its product portfolio even further.

The restructuring and streamlining process named the IMPACT strategy (Improve, Profitability, Agility, Customer focus and become Truly global), which has taken place in recent years, will continue in 2017/2018 and is expected to continue to have positive effect on both net turnover and earnings.



Management's review

Special risks

Exchange rate risks:

With a global presence in more than 100 countries, Widex is exposed to financial risks in connection with fluctuations in exchange rates. In response to this, the group has to a very limited extent used financial products for hedging when relevant. There were no open financial hedging contracts at the end of the financial year.

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

Know how resources

Widex's specialized 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.

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 and development department during the financial year. Total research and development costs during 2016/17 represented almost 10% of net turnover. All internal research and development costs are expensed as the costs relate to the development of the full product portfolio.

The expected development

The group will continue to strengthen the business to increase sales and earnings. This will be done through a well-defined market approach strategy, new product launches and the continuous optimisation of production as part of the continuation of the IMPACT strategy. Through these initiatives, management expects to be able to bring the earnings level fully on a par with leading manufacturers in the industry in the coming year. Widex will therefore maintain an ambitious investment and activity level in development, sales and marketing to prepare the organization for further growth.

Events subsequent to the financial year

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

Statement of 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 almost CO2-neutral and Widex is a WindMade certified organization.

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 fourth year.



Management's review

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 continued the commitment to reducing its carbon footprint through a series of energy-saving measures, including the recycling of waste at headquarters, and use of new packaging material.

Social Engagement

Widex is committed to the global fight against stigma related to hearing loss, and was among other the main sponsor of the World Deaf Golf Championship 2016.

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.

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 code of conduct has been formulated and it will be launched in the global organization during 2017.

Diversity and gender

Widex wishes to promote diversity at all levels of the company. Discrimination and harassment are not tolerated in any form. In 2016 and 2017, a series of new policies including the updated code of conduct have been introduced to support this commitment.

Widex wishes to promote equal opportunities for both men and women at all levels of the organization. Widex group employs 448 people globally with managerial responsibility and of these 42 % are women. Widex A/S employs 86 people with senior managerial responsibility. Out of these, 25 are women, and several women have been promoted internally to senior management positions during 2016/17. The share of women in positions with managerial responsibility is considered to be at an acceptable level and the policies introduced in the last two financial years will help ensure equal opportunities also 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 take place and where the target is to have at least two female Board members out of seven Board members represented by 2020. The Board's composition will be reviewed on a bi-annual basis.

Widex headquarters has received highest rating for its working environment and Widex A/S has introduced a global employee engagement survey every second year to monitor and strengthen employee engagement and satisfaction on a global level.



Profit and loss account 1 May - 30 April

DKK in thousands.

<u>Note</u>	Group		Parent company	
	2016/17	2015/16	2016/17	2015/16
1 Net turnover	4.346.238	3.855.091	0	0
Production costs	-1.329.277	-1.225.940	0	0
Gross results	3.016.961	2.629.151	0	0
Distribution costs	-1.793.832	-1.549.641	0	0
Administration costs	-708.981	-663.820	-384	-969
Other operating income	13.496	0	0	0
Operating profit	527.644	415.690	-384	-969
Income from equity investments in group enterprises	0	0	360.332	175.581
Income from equity investments in associated enterprises	-2.657	1.111	0	0
Income from other equity investments, securities and debtors which are fixed assets	-4.145	0	0	0
Other financial income from group enterprises	0	0	28.653	22.505
Other financial income	53.372	17.011	553	360
2 Other financial costs	-103.743	-127.402	-41.269	-35.904
Financing, net	-57.173	-109.280	348.269	162.542
Results before tax	470.471	306.410	347.885	161.573
3 Tax on ordinary results	-105.076	-133.502	5.181	1.653
Results after tax	365.395	172.908	353.066	163.226
The minority interests' share of the results of the subsidiaries	-	-9.678	-	-
4 Results for the year/The group share of the results for the year	365.395	163.230	353.066	163.226
The group's results are as follows:				
Shareholders in Widex Holding A/S	353.066			
Minority interests	12.329			
	365.395			



Balance sheet 30 April

DKK in thousands.

Assets

<u>Note</u>		Group		Parent company		
		2017	2016	2017	2016	
Fixed assets						
Intangible fixed assets						
5	Acquired concessions, patents, licenses, trademarks and similar rights	266.657	377.522	0	0	
6	Goodwill	1.189.364	729.240	0	0	
	Intangible fixed assets in total	1.456.021	1.106.762	0	0	
Tangible fixed assets						
7	Land and property	992.353	1.039.373	0	0	
8	Production plant and machinery	129.576	93.865	0	0	
9	Other plants, operating assets, and fixtures and furniture	134.313	83.060	0	0	
10	Tangible assets under construction and prepayments for tangible assets	13.681	26.438	0	0	
	Tangible fixed assets in total	1.269.923	1.242.736	0	0	
Financial fixed assets						
11	Equity investments in group enterprises	0	0	2.638.115	2.357.524	
12	Equity investments in associated enterprises	43.246	44.857	0	0	
13	Amounts owed by associated enterprises	39.388	39.819	0	0	
14	Other securities and equity investments	9.583	21.889	0	0	
15	Other debtors	295.354	197.540	0	0	
	Financial fixed assets in total	387.571	304.105	2.638.115	2.357.524	
Fixed assets in total		3.113.515	2.653.603	2.638.115	2.357.524	



Balance sheet 30 April

DKK in thousands.

Assets

Note		Group		Parent company		
		2017	2016	2017	2016	
Current assets						
	Raw materials and consumables	36.641	40.711	0	0	
	Work in progress	143.569	155.041	0	0	
	Manufactured goods and trade goods	246.201	243.569	0	0	
	Prepayments for goods	2.142	758	0	0	
	Inventories in total	428.553	440.079	0	0	
	Trade debtors	720.390	614.422	0	0	
	Amounts owed by group enterprises	0	0	986.067	752.110	
	Amounts owed by associated enterprises	21.778	8.076	0	0	
16	Deferred tax assets	138.332	86.668	0	0	
	Receivable corporate tax	0	0	2.996	34.115	
	Other debtors	288.814	166.972	11.926	10.966	
17	Deferred expenses	48.695	43.985	0	0	
	Debtors in total	1.218.009	920.123	1.000.989	797.191	
	Other securities and equity investments	7.236	10.310	0	0	
	Securities in total	7.236	10.310	0	0	
	Available funds	349.340	342.335	301	785	
	Current assets in total	2.003.138	1.712.847	1.001.290	797.976	
	Assets in total	5.116.653	4.366.450	3.639.405	3.155.500	



Balance sheet 30 April

DKK in thousands.

Equity and liabilities

<u>Note</u>		Group		Parent company	
		2017	2016	2017	2016
Equity					
18	Contributed capital	500.000	500.000	500.000	500.000
	Results brought forward	942.280	688.892	942.282	688.892
	Proposed dividend for the financial year	100.000	100.000	100.000	100.000
	Equity before non-controlling interest.	1.542.280	1.288.892	1.542.282	1.288.892
	Minority interests	48.348	-	-	-
	Equity in total	1.590.628	1.288.892	1.542.282	1.288.892
	Minority interests	-	53.801	-	-
	Minority interests in total	0	53.801	0	0
Provisions					
19	Provisions for pensions and similar obligations	14.479	15.872	0	0
	Provisions for deferred tax	52.561	0	0	0
20	Other provisions	146.678	224.523	0	0
	Provisions in total	213.718	240.395	0	0
Liabilities					
21	Mortgage debt	363.991	0	0	0
22	Interest rate swap	7.051	0	0	0
23	Bank debts	1.199	2.243	0	0
24	Other debts	240.292	178.226	0	0
	Long-term liabilities in total	612.533	180.469	0	0



Balance sheet 30 April

DKK in thousands.

Equity and liabilities

Note	Group		Parent company	
	2017	2016	2017	2016
Bank debts	16.170	39.836	0	0
Prepayments received from customers	2.816	2.153	0	0
Trade creditors	319.724	388.407	150	179
Debt to group enterprises	0	0	398.752	61.416
Debt to related parties	1.790.368	1.805.013	1.698.221	1.805.013
Corporate tax	98.104	112.671	0	0
Other debts	472.592	254.813	0	0
Short-term liabilities in total	2.699.774	2.602.893	2.097.123	1.866.608
Liabilities in total	3.312.307	2.783.362	2.097.123	1.866.608
Equity and liabilities in total	5.116.653	4.366.450	3.639.405	3.155.500

25 Staff matters

26 Fee, auditor

27 Contingencies

28 Related parties



Consolidated statement of changes in equity

DKK in thousands.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	Minority interests	In total
Equity 1 May 2015	500.000	656.092	0		1.156.092
Profit or loss for the year brought forward	0	63.226	100.000		163.226
Currency translation of investments	0	-30.426	0		-30.426
Equity 30 April 2016	500.000	688.892	100.000		1.288.892
Equity 1 May 2016	500.000	688.892	100.000	53.801	1.342.693
Distributed dividend	0	0	-100.000	0	-100.000
Profit or loss for the year brought forward	0	253.066	100.000	12.329	365.395
Currency translation of investments	0	5.822	0	0	5.822
Adjustment of financial hedging	0	-5.500	0	0	-5.500
Additions and disposals, net	0	0	0	-17.782	-17.782
	500.000	942.280	100.000	48.348	1.590.628

Statement of changes in equity of the parent company

DKK in thousands.

	Contributed capital	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 May 2015	500.000	656.093	0	1.156.093
Profit or loss for the year brought forward	0	63.225	100.000	163.225
Currency translation of investments	0	-30.426	0	-30.426
Equity 1 May 2016	500.000	688.892	100.000	1.288.892
Distributed dividend	0	0	-100.000	-100.000
Profit or loss for the year brought forward	0	253.066	100.000	353.066
Currency translation of investments	0	5.824	0	5.824
Adjustment of financial hedging	0	-5.500	0	-5.500
	500.000	942.282	100.000	1.542.282



Cash flow statement 1 May - 30 April

DKK in thousands.

<u>Note</u>	Group 2016/17	2015/16
Results for the year	365.395	163.226
29 Adjustments	379.833	471.147
30 Change in working capital	-8.846	135.801
 Cash flow from operating activities before net financials	 736.382	 770.174
Interest received and similar amounts	53.371	17.011
Interest paid and similar amounts	-102.420	-127.402
 Cash flow from ordinary activities	 687.333	 659.783
Corporate tax paid	-115.698	-25.864
 Cash flow from operating activities	 571.635	 633.919
 Purchase of intangible fixed assets	 -555.295	 -526.309
Purchase of tangible fixed assets	-152.150	-117.834
Sale of tangible fixed assets	38.302	57.141
Purchase of financial fixed assets	-97.519	-94.369
Purchase of financial instruments	2.372	-6.972
Other cash flows from (spent in) investment activities	0	-31.627
 Cash flow from investment activities	 -764.290	 -719.970
 Raising and repayments of long-term debt	 362.947	 396
Dividend paid	-110.987	-5.195
Available funds	-23.667	22.244
Repayment of debt to group entities and related parties	-28.633	-24.859
 Cash flow from financing activities	 199.660	 -7.414
 Changes in cash funds	 7.005	 -93.465
 Cash funds 1 May	 342.335	 435.800
 Cash funds 30 April	 349.340	 342.335



Notes

DKK in thousands.

1. Net turnover

	Group	
	2016/17	2015/16
America's	1.745.665	1.481.399
Western Europe	1.288.524	1.230.644
Eastern Europe	333.375	313.784
APAC and rest	<u>978.676</u>	<u>829.260</u>
Sales in total	<u>4.346.240</u>	<u>3.855.087</u>

Management believes that other information in accordance with § 96 of the Danish Financial Statements Act on the break-down of 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.

2. Other financial costs

	Group		Parent company	
	2016/17	2015/16	2016/17	2015/16
Financial costs, group enterprises	0	0	2.531	1.076
Other financial costs	<u>103.743</u>	<u>127.402</u>	<u>38.738</u>	<u>34.828</u>
	<u>103.743</u>	<u>127.402</u>	<u>41.269</u>	<u>35.904</u>

3. Tax on ordinary results

Tax of the results for the year	121.709	156.481	-2.759	-1.653
Adjustment for the year of deferred tax	-6.221	-26.661	0	0
Adjustment of tax for previous years	<u>-10.412</u>	<u>3.682</u>	<u>-2.422</u>	<u>0</u>
	<u>105.076</u>	<u>133.502</u>	<u>-5.181</u>	<u>-1.653</u>

4. Proposed distribution of the results

Dividend for the financial year	100.000	100.000
Allocated to results brought forward	<u>253.066</u>	<u>63.226</u>
Distribution in total	<u>353.066</u>	<u>163.226</u>



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
5. Acquired concessions, patents, licenses, trademarks and similar rights				
Cost 1 May	638.999	597.242	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	997	-18.903	0	0
Additions during the year	55.797	76.164	0	0
Disposals during the year	-2.493	-15.504	0	0
Transfers	-102.887	0	0	0
Cost 30 April	590.413	638.999	0	0
Amortisation and writedown 1 May	-261.477	-223.821	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	-115	7.150	0	0
Amortisation and writedown for the year	-64.295	-52.410	0	0
Amortisation and writedown, assets disposed of	2.131	7.604	0	0
Amortisation and writedown 30 April	-323.756	-261.477	0	0
Book value 30 April	266.657	377.522	0	0
6. Goodwill				
Cost 1 May	2.779.813	2.352.016	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	12.722	-33.104	0	0
Additions during the year	511.391	493.129	0	0
Disposals during the year	-12.530	-32.228	0	0
Transfers	102.887	0	0	0
Cost 30 April	3.394.283	2.779.813	0	0
Amortisation and writedown 1 May	-2.050.573	-1.911.882	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	8.256	19.577	0	0
Amortisation and writedown for the year	-163.601	-185.746	0	0
Amortisation and writedown, assets disposed of	999	27.478	0	0
Amortisation and writedown 30 April	-2.204.919	-2.050.573	0	0
Book value 30 April	1.189.364	729.240	0	0



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
7. Land and property				
Cost 1 May	1.140.751	1.216.398	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	5.959	-17.403	0	0
Additions during the year	2.667	2.071	0	0
Disposals during the year	-60.004	-60.315	0	0
Transfers	174	0	0	0
Cost 30 April	1.089.547	1.140.751	0	0
Depreciation and writedown 1 May	-101.378	-102.340	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	-936	4.017	0	0
Depreciation and writedown for the year	-16.086	-19.662	0	0
Adjustment of writedown, opening balance	-174	0	0	0
Depreciation and writedown, assets disposed of	21.380	16.607	0	0
Depreciation and writedown 30 April	-97.194	-101.378	0	0
Book value 30 April	992.353	1.039.373	0	0
 8. Production plant and machinery				
Cost 1 May	416.533	392.211	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	3.828	-1.396	0	0
Additions during the year	48.305	33.452	0	0
Disposals during the year	-7.007	-7.734	0	0
Transfers	23.571	0	0	0
Cost 30 April	485.230	416.533	0	0
Depreciation and writedown 1 May	-322.668	-301.828	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	-3.332	766	0	0
Depreciation and writedown for the year	-37.841	-30.364	0	0
Adjustment of writedown, opening balance	2.698	0	0	0
Depreciation and writedown, assets disposed of	5.489	8.758	0	0
Depreciation and writedown 30 April	-355.654	-322.668	0	0
Book value 30 April	129.576	93.865	0	0



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
9. Other plants, operating assets, and fixtures and furniture				
Cost 1 May	353.144	314.120	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	5.512	-6.543	0	0
Additions during the year	87.562	64.483	0	0
Disposals during the year	-21.122	-18.916	0	0
Transfers	29.009	0	0	0
Cost 30 April	454.105	353.144	0	0
Depreciation and writedown 1 May	-270.084	-242.938	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	-4.584	31	0	0
Depreciation and writedown for the year	-31.356	-29.952	0	0
Adjustment of writedown, opening balance	-27.298	0	0	0
Depreciation and writedown, assets disposed of	13.530	2.775	0	0
Depreciation and writedown 30 April	-319.792	-270.084	0	0
Book value 30 April	134.313	83.060	0	0
 10. Tangible assets under construction and prepayments for tangible assets				
Cost 1 May	26.438	8.925	0	0
Translation by use of the exchange rate valid on balance sheet date 30 April	29	-316	0	0
Additions during the year	13.616	21.503	0	0
Disposals during the year	-26.402	-3.674	0	0
Cost 30 April	13.681	26.438	0	0
Book value 30 April	13.681	26.438	0	0



Notes

DKK in thousands.

	Parent company	
	30/4 2017	30/4 2016
11. Equity investments in group enterprises		
Acquisition sum, opening balance 1 May	2.894.678	2.783.453
Additions during the year	50.000	111.224
Cost 30 April	2.944.678	2.894.677
Revaluations, opening balance 1 May	493.605	339.072
Results for the year before goodwill amortisation	370.776	184.960
Dividend	-120.000	0
Translation by use of the exchange rate valid on balance sheet date	5.824	-30.426
Other movements in capital	-5.500	0
Revaluation 30 April	744.705	493.606
Amortisation of goodwill, opening balance 1 May	-1.040.823	-1.031.446
Amortisation of goodwill for the year	-10.445	-9.377
Depreciation on goodwill 30 April	-1.051.268	-1.040.823
Offsetting against debtors	0	10.064
Set off against debtors and provisions for liabilities	0	10.064
Book value 30 April	2.638.115	2.357.524
The items include goodwill with an amount of	84.633	95.078
Goodwill is recognised under the item "Additions during the year" with an amount of	0	104.455
Group enterprises:		
	Domicile	Share of ownership
Widex Argentina S.A.	Argentina	51 %
Widex Australia Pty. Ltd.	Australia	100 %
Active Hearing Pty. Ltd.	Australia	100 %
T.W. Electronic SA	Belgium	100 %
Widex Slušni Aparati d.o.o.	Bosnia and Herzegovina	60 %
Centro Auditivo Widex Brasitom Ltda.	Brazil	100 %
Centro Auditivo Santa Catarina Ltda.	Brazil	100 %
Coselgi Aparelhos Auditivos Ltda.	Brazil	80 %
TW Group Canada Inc.	Canada	100 %
Lifestyle Hearing Corporation Inc.	Canada	100 %
Widex Canada Ltd.	Canada	100 %
Widex Chile SpA	Chile	100 %
Widex Hearing Aid (Shanghai) Co. Ltd.	China	100 %
Widex Colombia SAS	Colombia	30 %
Widex Line spol. s r.o.	Czech Republic	100 %



Notes

DKK in thousands.

Audiology Investment A/S	Denmark	100 %
Bloomhearing ApS	Denmark	100 %
Coselgi DK ApS	Denmark	100 %
Widex A/S	Denmark	100 %
Widex China Holding A/S	Denmark	100 %
Widex DK A/S	Denmark	100 %
Widex Eesti OÜ	Estonia	100 %
Widex Akustik Oy	Finland	100 %
Widex SAS	France	100 %
A A Retail Holding	France	100 %
Clermont Distribution SAS	France	97,8 %
Widex Hörgeräte GmbH	Germany	100 %
Widex Hong Kong Hearing & Speech Centre Ltd.	Hong Kong	100 %
Starry Hearing & Speech Centre Ltd.	Hong Kong	65 %
WIDEX-H Kft.	Hungary	100 %
Audiofon Kft.	Hungary	99 %
Widex India Private Limited	India	99,99 %
Bonavox Limited	Ireland	100 %
Celtic Hearing Limited	Ireland	100 %
Widex Italia S.r.l.	Italy	100 %
Cos.El.Gi - Costruzioni Elettroniche Gianetti	Italy	100 %
Widex Japan Co. Ltd.	Japan	100 %
Bloom Hearing Co. Ltd.	Japan	100 %
Widex Macau Hearing and Speech Centre Limited	Macau	49 %
Widex Hearing Aid Sdn Bhd	Malaysia	100 %
COW – Audición en Alta Definición S.A. de C.V.	Mexico	99 %
Veenhuis Medical Audio B.V.	The Netherlands	100 %
Widex Nederland B.V.	The Netherlands	100 %
Widex New Zealand Ltd.	New Zealand	100 %
Bloom Hearing Ltd.	New Zealand	100 %
Hearing Aid Specialists Ltd.	New Zealand	100 %
Medisan Høreapparater AS	Norway	100 %
Widex Poland Sp. Z o.o	Poland	60 %
Widex Regional Operation Center EMEA Sp. Z o.o.	Poland	100 %
Widex - Reabilitação Auditiva Unipessoal, Lda.	Portugal	100 %
Coselgi Portugal S.A.	Portugal	100 %
Widex OOO LLC	Russia	100 %
Widex Service OOO LLC	Russia	100 %
Widex Singapore Pte Ltd	Singapore	100 %
Widex - Slovton Slovakia s.r.o.	Slovakia	100 %
Widex trading d.o.o.	Slovenia	60 %
Slušni aparati - Widex d.o.o.	Slovenia	61 %
Widex South Africa (Pty) Ltd.	South Africa	100 %
Widex Korea Ltd.	South Korea	100 %



Notes

DKK in thousands.

Widex Audifonos S.A.	Spain	30 %
Widex Servicios Technicos S.A.	Spain	30 %
AB Widex	Sweden	100 %
Biocord AB	Sweden	100 %
Hörselhuset Aktiebolag	Sweden	100 %
Bloomhearing Specialists AB	Sweden	100 %
Widex Hörgeräte AG	Switzerland	100 %
PFAU Holding	Switzerland	100 %
D Med Hearing Center Limited	Thailand	38,46 %
Widex Tibbi ve Teknik Cihazlar San. ve Tic. A.S.	Turkey	70 %
ReOton Ltd.	Ukraine	100 %
Winster House Limited	United Kingdom	100 %
Widex UK Limited	United Kingdom	100 %
Coselgi UK Limited	United Kingdom	100 %
Widex Marketing Services Limited	United Kingdom	100 %
Bloom Hearing Specialists Limited	United Kingdom	100 %
Regional Hearing Specialists Ltd.	United Kingdom	100 %
Aberdeen Hearing Services Ltd.	United Kingdom	100 %
Acuitis Optical & Hearing Limited	United Kingdom	100 %
Lifestyle Hearing Corporation USA Inc.	USA	100 %
Helix Hearing Care (Florida) Partnership, LLC	USA	100 %
Helix Hearing Care (Texas) Partnership, LLC	USA	100 %
Helix Hearing Care (California), Inc.	USA	100 %
Helix Hearing Care (Ohio) Partnership, LLC	USA	100 %
Helix Care (Pennsylvania), Inc.	USA	100 %
Audiology Management Group Inc	USA	100 %
Lifestyle Managed Care, LLC	USA	100 %
Lifestyle Hearing Professionals, LLC	USA	55 %
Physician Audiology Services, Inc.	USA	100 %
New Asheville Audiology Services, PLLC	USA	100 %
Happy Hearing, LLC	USA	100 %
Widex USA Inc.	USA	100 %
Nymøllevej ApS	Denmark	100 %
T&W Engineering A/S	Denmark	100 %
UNEGG medical A/S	Denmark	81,57 %



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
12. Equity investments in associated enterprises				
Acquisition sum, opening balance 1 May	42.993	2.545	0	0
Translation by use of the exchange rate valid on balance sheet date	1.554	0	0	0
Additions during the year	0	40.448	0	0
Cost 30 April	44.547	42.993	0	0
Revaluation, opening balance 1 May	2.601	753	0	0
Translation by use of the exchange rate valid on balance sheet date	-65	0	0	0
Results for the year before goodwill amortisation	-1.441	1.848	0	0
Revaluation 30 April	1.095	2.601	0	0
Amortisation of goodwill, opening balance 1 May	-737	0	0	0
Amortisation of goodwill for the year	-1.659	-737	0	0
Depreciation on goodwill 30 April	-2.396	-737	0	0
Book value 30 April	43.246	44.857	0	0
The items include goodwill with an amount of	14.124	15.784	0	0
Goodwill is recognised under the item "Additions during the year" with an amount of	0	16.521	0	0
Associated enterprises:				
	Domicile	Share of ownership		
HIMSA A/S (Denmark)	Copenhagen	25 %		
Widex Audiofonos S.A. (Spain)	Barcelona	30 %		
Widex Servicios Tech S.A. (Spain)	Barcelona	30 %		
Widex Colombia (Columbia)	Santiago de Cali	30 %		
D Med Hearing Center (Thailand)	Bangkok	38 %		



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
13. Amounts owed by associated enterprises				
Cost 1 May	39.819	39.819	0	0
Disposals during the year	-431	0	0	0
Cost 30 April	39.388	39.819	0	0
Book value 30 April	39.388	39.819	0	0
14. Other securities and equity investments				
Cost 1 May	21.788	17.300	0	0
Additions during the year	0	8.801	0	0
Disposals during the year	-8.161	-4.313	0	0
Cost 30 April	13.627	21.788	0	0
Nedskrivninger 1 May	101	101	0	0
Writedown for the year	-4.145	0	0	0
Nedskrivninger 30 April	-4.044	101	0	0
Book value 30 April	9.583	21.889	0	0
15. Other debtors				
Cost 1 May	197.540	169.952	0	0
Additions during the year	129.514	59.470	0	0
Disposals during the year	-31.700	-31.882	0	0
Cost 30 April	295.354	197.540	0	0
Book value 30 April	295.354	197.540	0	0



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
16. Deferred tax assets				
Deferred tax assets 1 May	86.670	66.009	0	0
Deferred tax for the year	-3.770	20.659	0	0
Deferred tax on equity transactions	1.551	0	0	0
Translation by use of the exchange rate prevailing at balance sheet closing balance	1.319	0	0	0
Deferred tax owed	52.562	0	0	0
	138.332	86.668	0	0

17. Deferred expenses

Deferred expenses comprise incurred costs concerning the next financial year.

18. Contributed capital

The share capital consists of 500.000 shares, each with a nominal value of DKK 1.000. No shares hold particular rights.

Within the latest 5 years, the following changes in the share capital have taken place:

Cash capital extension in the fiscal year 2013/14 of DKK 350 mio. at rate 285,714.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
19. Provisions for pensions and similar obligations				
Provisions for pension obligations and similar obligations	14.479	15.872	0	0
	14.479	15.872	0	0
Maturity is expected to be:				
0-1 year	1.816	3.118	0	0
1-5 year	5.577	6.125	0	0
more than 5 years	7.086	6.629	0	0
	14.479	15.872	0	0



Notes

DKK in thousands.

	Group		Parent company	
	30/4 2017	30/4 2016	30/4 2017	30/4 2016
20. Other provisions				
Other provisions 1 May	146.678	224.523	0	0
	146.678	224.523	0	0
0-1 year	76.957	118.867	0	0
1-5 year	69.600	97.962	0	0
more than 5 years	121	7.694	0	0
	146.678	224.523	0	0
21. Mortgage debt				
Mortgage debt is due for payment after five years.				
22. Interest rate swap				
Interest rate swap is due for payment after five years.				
23. Bank debts				
Bank debts are due for payment after one year and before five years.				
24. Other debts				
Other debts are due for payment after one year and before five years.				
25. Staff matters				
Salaries and wages	1.642.250	1.549.035	0	0
Pension costs	76.292	58.492	0	0
Other social costs	178.442	102.357	0	0
Other staff costs	20.828	29.358	0	0
	1.917.812	1.739.242	0	0
Board of directors	2.950	2.950	0	0
Average number of employees	4.065	3.974	0	0



Notes

DKK in thousands.

26. Fee, auditor

Fee concerning compulsory audit	7.845	7.317	0	0
Other services	2.459	1.838	0	0
	10.304	9.155	0	0

27. Contingencies

Contingent assets

Tax base of non capitalized deferred tax assets amounts to t.DKK 60.000 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.

Contingent liabilities

Leasing liabilities

The Group has entered into leases, primarily regarding office and production facilities as well as retail premises. Total rent commitments amount to t.DKK 484.740. In addition, the company has basic unrecognised re establishment liabilities in relation to its leased premises. Previously, some of the re establishment liabilities were recognised as provisions. Accounting estimates have been changed and the provisions are not expected to be made payable. This has resulted in a reduction of other provisions of t.DKK 8.736, which are recognised in the profit and loss account under the item "Distribution costs" of t.DKK 7.575 and in the balance sheet under the item "Other plants, operating assets, and fixtures and furniture" of t.DKK 1.161.

The Group has entered into operational leasing contracts with a total outstanding leasing payment of t.DKK 21.607.

Recourse guarantee commitments

The Group has provided guarantees for leases and payment guarantees etc. On 30 April 2017, total guarantees amount to t.DKK 42.712.

The parent company has provided guarantees for mortgage debts of the group enterprises. On 30 April 2017, total mortgage debts of the group enterprises were t.DKK 363.991.

Joint taxation

The company is the administration company of the group of companies subject to the 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 withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.



Notes

DKK in thousands.

. Contingencies (continued)

Joint taxation (continued)

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

28. Related parties

Transactions

All transactions with related parties are entered on market terms.

Within the Widex Group the "Resale Price Method" is used in the determination 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 earnings calculated on arm's length terms.

29. Adjustments

	Group	
	2016/17	2015/16
Depreciation and amortisation	322.587	319.670
Income from equity investments in associated enterprises	2.657	-1.111
Other financial income	-49.227	-17.011
Other financial costs	103.743	127.402
Tax on ordinary results	105.076	133.502
Other provisions	-79.238	-50.834
Other adjustments	-25.765	-40.471
	379.833	471.147

30. Change in working capital

Change in inventories	11.526	-38.762
Change in debtors	-255.409	-104.964
Change in trade creditors and other liabilities	172.971	159.287
Other changes in working capital	62.066	120.240
	-8.846	135.801



Accounting policies used

The annual report for Widex Holding A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The annual accounts are presented in Danish kroner (DKK) in thousands.

Except stated below, accounting policies are unchanged.

Changes in the accounting policies used

With effect as of 1 May 2016, the company has made an implementation of the Danish law no. 738 of 1 June 2015. This implies the following changes to the recognition and measurement of:

1 Minority interests:

Minority interests' share of equity at the beginning of the financial year, t.DKK 53.801 is reclassified to minority interests under equity.

None of the above changes have any monetary effect on the profit and loss account. The comparative figures as well as consolidated financial highlights are not adjusted accordingly.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.



Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Widex Holding A/S and those group enterprises of which Widex Holding A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.



Accounting policies used

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Production costs

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. Trade enterprises recognise cost of sales, and manufacturing enterprises recognise production costs corresponding to the turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, and depreciation on the production plant.

Furthermore, the production costs comprise research costs, development costs which do not meet the criteria for capitalisation, and amortisation of capitalised development costs.

Research and development costs

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

Internal research and development costs are considered not to meet the criteria for capitalisation, why the costs are recognised as production costs in the profit and loss account in the year they are incurred.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

Other operating income/costs

Other operating income and costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise..



Accounting policies used

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises and associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent company and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation. Amortisation is charged on a straight line basis over the estimated useful life. Amortisation period for goodwill and Group goodwill is determined on the basis of management's experience. The amortisation period of 10 years is determined on the basis of the expected repayment period, as the strategically acquired enterprises are considered to have a significant market position and an expected considerably long earnings profile. In all materiality the following useful lives are used:

Goodwill	10 years
Group goodwill	10 years
Software	3-5 years
Trademarks, patents and similar rights	5-10 years

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.



Accounting policies used

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Buildings	30-40	years
Production plants and machinery	5-10	years
Other plants, operating assets, fixtures and furniture	3-5	years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.



Accounting policies used

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associated enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is 10 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Amounts owed by group and associated enterprises

Amounts owed by group and associated enterprises are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at fair value. The measurement is made on the basis of market and accounting information.

Other debtors

Other debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.



Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Deferred expenses

Deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Securities and equity investments

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

Cash funds

Cash funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Provisions for pensions and other similar obligations

Provisions for pensions and other similar obligations comprise expected costs for pensions and other similar obligations. Provisions for pensions and other similar obligations are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Widex Holding A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Widex Holding A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Deferred tax assets are mainly attributable to recognition of tax loss carryforwards. In accordance with the Danish Financial Statements Act, deferred tax assets are recognised at the values that are probable to be realised through future earnings. As a general rule, recognised losses are expected to be utilized by offsetting of positive taxable income within 3-5 years. This assessment is based on analyses of budgets for the Group's sales companies and the general expectations for future positive earnings in the Group.



Accounting policies used

Other provisions

Provisions comprise expected costs for guarantee liabilities, provisions for returns etc. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs of products within the guarantee period of 1-4 years. The provisions are measured at the net realisable value and recognised on basis of the obtained experience with guarantee work. Measurement of guarantee commitments is adjusted as a result of changes in the accounting estimates for the development of the Group's internal transfer prices. This has resulted in a reduction of the Group's guarantee commitments of t.DKK 45.000, which are recognised in the profit and loss account under the item "Production costs".

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.



Accounting policies used

Cash funds

Cash funds comprise cash at bank and in hand.

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Lars Nørgaard

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