

Audium Denmark A/S

Dyrehavevej 3, 2930 Klampenborg

Annual Report 1 April 2017 – 31 March 2018

Company reg.no. 31 34 75 64

The annual report was presented and approved at the
Company's annual general meeting

On 18 June 2018

chairman of the annual general meeting – Tina Gath

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Management's report

The executive board has today presented the annual report of Audium Denmark A/S for the financial year 1 April 2017 to 31 March 2018.

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 annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 March 2017 and of the company's results of its activities in the financial year 1 April 2017 to 31 March 2018.

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.

Klampenborg, 18 June 2018

Managing Director:

Peter Brøgger Andreasen

Board of directors:

Tina Gath

Maria Patricia Bremild

Peter Brøgger Andreasen

Independent auditor's report

To the shareholders of Audium Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2018, and of the results of the Company's operations for the financial year 1 April 2017- 31 March 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Audium Denmark A/S for the financial year 1 April 2017 - 31 March 2018, which comprise accounting policies, income statement, balance sheet and notes ("financial statements").

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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 18 June 2018

PricewaterhouseCoopers

State Authorised Public Accountants

CVR no. 33 77 12 31

Rasmus Friis Jørgensen
State Authorised Public Accountant
mne28705

Steffen Kaj Pedersen
State Authorised Public Accountant
mne34357

Audium Denmark A/S
Annual report 2017/18
CVR no. 31 34 75 64

Company details

Audium Denmark A/S
Dyrehavevej 3, 2930 Klampenborg

CVR no.	31 34 75 64
Established:	31 March 2008
Registered office:	Klampenborg
Financial year:	1 April – 31 March

Board of directors

Tina Gath, Chairman
Maria Patricia Bremild
Peter Brøgger Andreassen

Managing Director

Peter Brøgger Andreassen

Auditor

PricewaterhouseCoopers
State Authorised Public Accountants
Strandvejen 44
2900 Hellerup

Parent company

Sonova Retail Holding A.G.
Laubisrütisstrasse 28
8712 Stäfa
Schwitzerland

Management's review

The principal activities of the company

The aim of the company is the development and operation of hearing centres and any activities the board assesses to be relevant to such activities.

Development in activities and financial matters

The gross profit for the year is DKK 38.155k against DKK 1.697k last year. The results from ordinary activities after tax are DKK 30.093k against -15.085k last year. The management consider the results satisfactory.

In October 2017 the Company sold all its operations and continues as a shelf company.

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Accounting policies used

Financial Statements of Audium Denmark A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with supplement of class C.

The accounting policies are consistent with those of last year.

Financial Statements for 2017/18 are presented In Danish kroner.

Recognition and measurement in general

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation of foreign currency

Translation in foreign currencies are translated at the exchange rates at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

The profit and loss account

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Net turnover

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the delivery and transfer of risk has been made before year end. Sales of Service contracts, such as long-term contracts and extended warranties are separated from the sale of goods and recognized on a straight-line basis over the term of the contract.

Revenue is recognised exclusive of VAT and net of discount relation to sales.

Cost of goods sold and consumables

Cost of goods sold and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external costs

Other external costs include costs of distribution, sales, advertising, administration, rent, bad debts, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on account taxation scheme.

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Tax on profit/loss for the year

Tax for the year consist of current tax for the year and deferred tax for the year .The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transaction is recognised directly to equity.

The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Tangible fixed assets

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are

Buildings	50 years
Other fixtures and fittings, tools and equipment	5-10 years
Leasehold improvements	5-10 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net setting price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and cost of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of inventories equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which correspond to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Available funds

Available 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).

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

According to the rules of joint taxation, Audium Denmark 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.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax receivables and 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 an taxable income for prior years. Tax receivables and liabilities are off-set if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Other provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 2 years. Provisions are measured and recognised based an experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average band yield.

Financial debts

Other debts are measured amortised cost, substantially corresponding to nominal value.

Deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 April – 31 March

Income statement

DKK'000	Note	2017/18	2016/17
Gross profit		38.155	1.697
Staff costs	1	-6.319	-15.283
Depreciation, amortisation and writedown relation to tangible and intangible fixed assets		-708	-1.530
Operating profit (EBIT)		31.128	-15.116
Financial income	2	119	109
Financial costs	3	-269	-78
Results before tax		30.978	-15.085
Tax on ordinary results	4	-885	0
Profit/loss for the year	5	30.093	-15.085

Balance sheet 1 April – 31 March

Assets

DKK'000	Note	2017/18	2016/17
ASSETS			
Fixed assets			
Intangible assets			
Completed development projects, incl. patents and similar rights arising from developments projects	6	0	605
		0	605
Property, plant and equipment			
Other plants, operating assets, and fixtures and furniture	7	0	564
Decoration rented premises		0	2.491
		0	3.055
Financial fixed assets			
Other debtors		0	758
Amounts owed by group enterprises		29.085	0
		29.085	758
Total fixed assets		29.085	4.418
Current assets			
Inventories			
Manufactured goods and trade goods		0	1.816
		0	1.816
Receivables			
Trade debtors		118	1.338
Amounts owed by group enterprises		0	604
Deferred tax assets		0	504
Other debtors		0	523
		118	2.969
Available funds		0	33
Total current assets		118	4.818
TOTAL ASSETS		29.203	9.236

Balance sheet 1 April – 31 March

Equity and liabilities

DKK'000	Note	2017/18	2016/17
EQUITY AND LIABILITIES			
Equity			
Contributed capital	8	1.201	1.201
Results brought forward	9	15.898	-14.195
Total equity		<u>17.099</u>	<u>-12.994</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Debt to group enterprises		10.660	0
		<u>10.660</u>	<u>0</u>
Current liabilities other than provisions			
Trade creditor		180	492
Debt to group enterprises		0	16.664
Other debts		0	5.074
Corporate income tax		1.264	0
		<u>1.444</u>	<u>22.230</u>
Total liabilities other than provisions		<u>12.104</u>	<u>22.230</u>
TOTAL EQUITY AND LIABILITIES		<u>29.203</u>	<u>9.236</u>
Contingencies	10		

Balance sheet 1 April – 31 March

Statement of changes in equity

DKK'000	Contributed capital	Results brought forward	In total
	<hr/>	<hr/>	<hr/>
Equity at 1 April 2017	1.201	-14.195	-12.994
Profit or loss for the year brought forward	<hr/> 0	<hr/> 30.093	<hr/> 30.093
Equity at 31 March 2018	<hr/> 1.201	<hr/> 15.898	<hr/> 17.099

Notes 1 April – 31 March

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	2017/18	2016/17
DKK'000		
1 Staff costs		
Salaries and wages	5.482	13.587
Pension costs	448	1.090
Other costs for social security	42	74
Other staff costs	347	532
	<u>6.319</u>	<u>15.283</u>
Average number of FTE	<u>15</u>	<u>26</u>
2 Financial income		
Financial income, group enterprises	<u>119</u>	<u>109</u>
	<u>119</u>	<u>109</u>
3 Financial expenses		
Other financial costs	<u>-269</u>	<u>-78</u>
	<u>-269</u>	<u>-78</u>
4 Tax on ordinary results		
Adjustment for the year of deferred tax	504	0
Adjustment of tax for previous years	-126	0
Adjustment of tax for current year	-1.263	0
	<u>-885</u>	<u>0</u>
5 Proposed distribution of the results		
Allocated from results brought forward	<u>30.093</u>	<u>-15.085</u>
	<u>30.093</u>	<u>-15.085</u>

Notes 1 April – 31 March

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6 Intangible assets

DKK'000	Completed development projects, incl patents	Intangible assets in total
Cost at 1 April 2017	701	701
Additions	0	0
Disposals	-701	-701
Cost at 31 March 2018	0	0
Amortisation and impairment losses at 1 April 2017	-96	-96
Amortisation	-288	-288
Reversed amortisation and impairment losses	384	384
Amortisation and impairment losses at 31 March 2018	0	0
Carrying amount at 31 March 2018	0	0
Carrying amount at 31 March 2017	605	605

Notes 1 April – 31 March

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7 Property, plant and equipment

DKK'000	Other plants, fixtures and furniture	Leasehold	Property plant and equipment in total
Cost at 1 April 2017	604	2.598	3.202
Additions	28	94	122
Disposals	-632	-2.692	-3.324
Cost at 31 March 2018	0	0	0
Depreciation and impairment losses at 1 April 2017	-39	-107	-146
Depreciation	-97	-322	-419
Depreciation on disposals	136	429	565
Depreciation and impairment losses at 31 March 2018	0	0	0
Carrying amount at 31 March 2018	0	0	0
Carrying amount at 31 March 2017	564	2.491	3.055

Notes 1 April – 31 March

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DKK'000	<u>2017/18</u>	<u>2016/17</u>
8 Contributed capital		
Contributed capital at 1 April 2017	1.201	1.200
Cash capital increase	<u>0</u>	<u>1</u>
	<u>1.201</u>	<u>1.201</u>
9 Results brought forward		
Results brought forward at 1 April 2017	-14.195	-6.109
Cash capital increase	0	6.999
Profit or loss for the year brought forward	<u>30.093</u>	<u>-15.085</u>
Results brought forward at 31 March 2018	<u>15.898</u>	<u>-14.195</u>

10 Contingencies

Joint taxation

Sonova Denmark A/S, company reg. no 10317487 being the administration company, the company is 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 jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

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