WIDEX A/S
ANNUAL REPORT
2022/23

The annual report was approved at the Company's ordinary general meeting held on 16 February 2024.

Chairman of the meeting:

_____
Eric Alain Bernard

Contents

ENTITY INFORMATION 2
MANAGEMENT COMMENTARY 3
5-year key figures and financial ratios 3
Principal activities 4
Financial review 4
Events after balance sheet date 5
Statutory report on corporate social responsibility 6
Statutory report on under-represented gender 6
Statutory report on data ethics 6
Risk management 7
INDEPENDENT AUDITOR'S REPORT 9
FINANCIAL STATEMENTS 12
Statement of Comprehensive Income 12
Balance sheet 13
Statement of Changes in Equity 14
Statement of Cash Flows 15
NOTES TO THE FINANCIAL STATEMENTS 17
1 BASIS OF PREPARATION 17
1.1 General accounting policies 17
1.2 Significant accounting estimates and judgments 19
1.3 Adoption of new and amended IFRS 20
2 RESULTS OF THE YEAR 20
2.1 Revenue 20
2.2 Staff costs 22
2.3 Income taxes 23
3 OPERATING ASSETS AND LIABILITIES 27
3.1 Intangible assets 27
3.2 Property, plant and equipment 29
3.3 Depreciation, amortization and impairment 30
3.4 Right-of-use assets/Lease liabilities 32
3.5 Other assets 35
3.6 Inventories 37
3.7 Trade receivables 38
3.8 Other liabilities 39
4 CAPITAL STRUCTURE AND FINANCING ITEMS 40
4.1 Outstanding shares 40
4.2 Financial risks and financial instruments 41
4.3 Liabilities from financing activities 47
4.4 Financial income and expenses 47
5 OTHER DISCLOSURES 48
5.1 Remuneration of Key Management Personnel 48
5.2 Contingent assets and liabilities 48
5.3 Investment in associates 49
5.4 Fees to auditors appointed at the annual general meeting 50
5.5 Related parties 50
5.6 Investments in subsidiaries 52
5.7 Significant events after balance sheet date 58
5.8 Group conditions 58

Entity Information

The Company	WIDEX A/S Nymøllevej 6 DK-3540 Lynge Phone: 44 35 56 00 CVR no: 15 77 11 00 Financial year: 1 October 2022 – 30 September 2023 Municipal of residence: Allerød
Board of Directors	Eric Alain Bernard Marianne Wiinholt Annemarie Johanna Van Neck
Executive Management	Annemarie Johanna Van Neck
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

Management Commentary

5-year key figures and financial ratios

DKKm	2022/23 12 months	2021/22 12 months	2020/21 12 months	2019/20 12 months	2018/19** 17 months
Income statement					
Revenue	2,105	2,017	1,820	1,062	2,110
Gross profit	1,094	1,014	929	277	984
R&D costs*	(520)	(555)	(542)	(390)	(416)
Operating profit	378	360	357	(194)	(398)
EBITDA	581	611	575	–	(173)
EBITDA, Normalized	649	660	606	170	422
Depreciation and amortization	(250)	(253)	(218)	(194)	(225)
EBIT	331	358	357	(194)	(398)
Net financial items	(367)	74	(127)	(233)	153
(Loss)/Profit before tax	(36)	432	230	(428)	(245)
(Loss)/Profit for the year	(19)	374	233	(279)	(180)
Balance sheet					
Assets	37,391	7,251	6,940	6,666	4,664
Equity	6,190	998	624	391	672
Financial ratios (%)					
Gross profit margin	52	50	51	26	47
EBITDA margin	28	30	32	–	(8)
EBITDA margin, Normalized	31	33	33	16	20
EBIT margin	16	18	20	(19)	(19)
Return on equity	(1)	46	46	(52)	(12)
Equity ratio	17	14	9	6	14
Other key figures					
Investment in property, plant and equipment	83	48	69	43	69
Free cash flow	(63)	(359)	(495)	511	418
Average number of employees	922	912	899	889	906

* Total R&D spend amount to DKK 1,160 million in 2022/23 (2021/22: DKK 1,140 million) and includes expensed cost.
** For the year of the merger, 2018/19, the financial statements covered 17 months.

Key figures/ financial ratios definitions

EBITDA = Earnings before interest, tax, depreciation, amortization
EBIT = Earnings before interest and tax
Net financial items = Interest income, interest expenses and other financials net
Gross profit margin = Gross profit/(loss) x 100/revenue
EBITDA margin = EBITDA x 100/revenue
EBITDA margin, normalized = EBITDA, normalized x 100/revenue
EBIT margin = EBIT x 100/Revenue
Return on equity = Profit/(loss) for the year x 100/average equity
Equity ratio = Total equity/total assets x 100
Free cash flow = Operating cash flow - net capex

Principal activities

The Company's primary activity is the development, production and sale of hearing aids to its subsidiaries.

The Company supports its subsidiaries with a strong supply of leading technology hearing aids and is investing heavily in developing technology and in building capabilities, to continuously realize optimizations and drive a global sustainable growth.

The Company's revenue is derived primarily from sales to subsidiaries which are geographically located in proximity of end users. Sales are largely related to sale of hearing aids, and to a lesser extent from accessories and spare parts.

Financial review

Revenue

Revenue amounted to DKK 2,105 million (2021/22: DKK 2,017 million) corresponding to growth of 4% in line with the expectations for the year. Widex A/S mainly sells to hearing aids to its subsidiaries. The increase in revenue was mainly driven by higher sales in several markets within the EMEA region.

Gross Profit and margin

Gross profit amounted to DKK 1,094 million (2021/22: DKK 1,014 million). Gross margin increased by 2 basis points, from 50.2% to 52.0%, impacted by cost savings from transformation projects.

R&D

With a high focus on developing future innovative products, Widex A/S has invested DKK 1,160 million (2021/22: DKK 1,140 million) in R&D activities in the financial year, of which 640 was capitalized. The R&D spend was kept relatively stable at 55.1% of revenue (2021/22: 56.5%). The Company continues to focus on creating new and better solutions for its customers.

DKKm	2022/23	2021/22
R&D expenses (P&L)	520	555
Capitalization	640	585
R&D spend	1,160	1,140

Selling and general administration

Total selling and general administrative costs decreased to DKK 609 million (2021/22: DKK 640 million) and the percentage of revenue decreased to 28.9% (2021/22: 31.7%) driven by strong cost focus and impact from scale.

One time costs

The Company incurred one time costs of DKK 68 million (2021/22: DKK 49 million). Excluding the one time costs, Widex A/S would have achieved an adjusted net profit of DKK 49 million (2021/22: 423 million).

EBITDA

The income statement shows an EBITDA of DKK 581 million (2021/22: DKK 611 million) and EBITDA margin decreased to 28% (2021/22: 30%) short of expectations for the year, mainly due to impairment loss on investments in subsidiaries during the year.

Adjusting for one-time costs related to the merger and integration, transformation projects and impairment of investments in subsidiaries, the normalized EBITDA for the financial year 2022/23 ends at DKK 649 million (2021/22: DKK 660 million).

Financial items

Financial items have an overall negative effect on the net result with an expense of DKK -367 million (2021/22: DKK 74 million). Included in the amount is dividend from the subsidiaries of DKK 162 million (2021/22: DKK 15 million).

Net income/loss

Net loss amounted to DKK -19 million (2021/22: Net income of DKK 374 million) mainly driven by financial losses and impairment loss on investments in subsidiaries.

Financial outlook

Solid financial improvements are expected in 2023/24, and outlook includes underlying sales growth of 6–10% compared to the financial year of 2022/23 with successful execution of commercial priorities as well as stronger earnings from the improved sales and realization of synergies and efficiencies. The EBITDA margin is expected to increase by 1–2% versus 2022/23, supported by revenue growth and cost improvement initiatives.

The Company will continue to support its entities with a strong supply of leading technology hearing aids and is expected to invest heavily in building capabilities.

Events after balance sheet date

Subsequent to the balance sheet date, the Company undertook a capital reduction in a subsidiary in which the dividend was set-off against loan and payable against the subsidiary. Refer to Note 5.7 for more details.

Statutory report on corporate social responsibility

In accordance with section 99a of the Danish Financial Statements Act, refer to page 14-34 and 131-173 of the annual report for the parent WS Audiology A/S, CVR no. 40296638 for information regarding corporate social responsibility.

Statutory report on under-represented gender

The Company wishes to promote diversity at all levels of the Company. Discrimination and harassment are not tolerated in any form. A series of new policies, including the updated code of conduct, has been introduced to support this commitment, including an updated working environment policy and an antiharassment policy. All employees will have the same opportunities regardless of gender, age, race, ethnicity, sex, religion, sexual orientation, etc. Personal privacy will be respected; discrimination and verbal or psychological harassment will not be tolerated.

The Company is focused on ensuring that gender diversity is promoted. This is for example the case when hiring for leadership positions where at least one female candidate must be found and when organizing leadership courses where female representations is examined.

The Board of Directors currently consists of three members. At present, there are two female board members which is according to the target for the financial year. The Board composition will be reviewed on an ongoing basis to ensure the ambition is met. The Executive Management team is composed of one woman.

In accordance with section 99b of the Danish Financial Statements Act, refer to page 133 and 140-142 of the annual report for the parent WS Audiology A/S, CVR no. 40296638 for reporting on under-represented gender.

Statutory report on data ethics

In accordance with section 99d of the Danish Financial Statements Act, refer to page 163 of the annual report for the parent WS Audiology A/S, CVR no. 40296638 for reporting on Data Ethics.

Risk management

Financial risk management

The Company is exposed to various financial risks, including foreign currency exchange risk, credit risk, liquidity risk and interest rate risk.

These risks derive from fluctuations in foreign currencies due to our international operations; customers' potential inability to pay their obligations in due time; our potential inability to meet financial liabilities towards suppliers and financial institutions; and the Company's exposure to interest rate fluctuations.

Please refer to notes 4.2 in the Financial Statements for detailed information.

Statement by Management on the Annual Report

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Widex A/S for the financial year ended 30 September 2023.

The Annual Report is presented in accordance with the IFRS Accounting Standards, which have been adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements reflect a true and fair view of the Company's assets, liabilities and financial position at September 30, 2023 and of their financial performance and cash flows for the financial period from October 1, 2022 to September 30, 2023.

We believe that the Management commentary provides a fair statement on the developments in the activities and financial situation of the Company, financial results for the period, the general financial position of the Company, and a description of conditions referred to therein.

We recommend that the Annual Report be approved at the Annual General Meeting.

Lynge, 16 February 2024

Executive Management

Annemarie Johanna Van Neck

Board of Directors

Eric Alain Bernard	Marianne Wiinholt	Annemarie Johanna Van Neck

Independent auditor's report

To the shareholder of Widex A/S

Opinion

We have audited the financial statements of Widex A/S for the financial year 01.10.2022 - 30.09.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.09.2023, and of the results of its operations and cash flows for the financial year 01.10.2022 - 30.09.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the 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 judgement 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary. Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 16 February 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

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

Mads Buch
State-Authorised Public Accountant
Identification No. (MNE) mne47793

Financial Statements

Statement of Comprehensive Income
For the financial year ended 30 September 2023

DKKm	Note	30 Sept. 2023	30 Sept. 2022
Revenue	2.1	2,105	2,017
Cost of goods sold		(1,011)	(1,003)
Gross profit		**1,094**	**1,014**
Research and development costs	3.1	(520)	(555)
Selling and general administration expenses		(609)	(640)
Other operating income, net		413	541
Operating profit		**378**	**360**
Interest income	4.4	140	105
Interest expenses	4.4	(447)	(240)
Other financial (expenses)/income, net	4.4	(60)	209
Impairment loss on investments in subsidiaries	5.6	(51)	–
Share of profit/(loss) in associates	5.3	4	(2)
(Loss)/Profit before tax		**(36)**	**432**
Income taxes	2.3	17	(58)
(Loss)/Profit for the year		**(19)**	**374**
Other comprehensive income for the year, net of tax		–	–
Total comprehensive (loss)/profit for the year		**(19)**	**374**

Balance sheet
As at 30 September 2023

DKKm	Note	30 Sept. 2023	30 Sept. 2022
Assets			
Intangible assets	3.1	1,844	1,362
Property, plant and equipment	3.2	219	175
Right-of-use assets	3.4	425	570
Investments in associates	5.3	23	14
Investments in subsidiaries	5.6	31,377	1,930
Other assets	3.5	1,451	1,609
Prepayments		12	–
Total non-current assets		**35,351**	**5,660**
Inventories	3.6	370	372
Trade receivables	3.7	95	81
Intragroup receivables		1,409	779
Current income tax receivables		36	159
Prepayments		32	26
Other assets	3.5	65	71
Cash and cash equivalents		33	103
Total current assets		**2,040**	**1,591**
Total assets		**37,391**	**7,251**

Equity and Liabilities			
Share capital	4.1	30	30
Other reserve		5,211	–
Reserve for development cost		1,418	1,052
Foreign exchange adjustments		(2)	(2)
Accumulated earnings		(467)	(82)
Total equity		**6,190**	**998**
Intragroup debt	4.2	21,607	3,818
Lease liabilities	3.4	480	608
Provisions		–	27
Deferred tax liabilities	2.3	78	86
Total non-current liabilities		**22,165**	**4,539**
Bank debt	4.2	168	217
Intragroup debt	4.2	7,527	–
Lease liabilities	3.4	28	35
Trade payables		269	213
Intragroup payables	4.2	796	1,073
Other liabilities	3.8	248	176
Total current liabilities		**9,036**	**1,714**
Total equity and liabilities		**37,391**	**7,251**

Statement of Changes in Equity
For the financial year ended 30 September 2023

DKKm	Share capital	Other reserve	Reserve for development cost	Foreign exchange adjustments	Accumulated earnings	Total equity
Equity at 30 September 2022	**30**	–	**1,052**	**(2)**	**(82)**	**998**
Profit for the year	–	–	366	–	(385)	(19)
Total comprehensive income for the year	**–**	–	**366**	–	**(385)**	**(19)**
Capital increase	*	739	–	–	–	**739**
Changes to other reserve**	–	4,472	–	–	–	**4,472**
Equity at 30 September 2023	**30**	**5,211**	**1,418**	**(2)**	**(467)**	**6,190**

DKKm	Share capital	Other reserve	Reserve for development cost	Foreign exchange adjustments	Accumulated earnings	Total equity
Equity at 30 September 2021	**30**	–	**729**	**(2)**	**(133)**	**624**
Profit for the year	–	–	323	–	51	374
Total comprehensive income for the year	–	–	**323**	–	**51**	**374**
Equity at 30 September 2022	**30**	–	**1,052**	**(2)**	**(82)**	**998**

* During the financial year, the share capital was increased by DKK 100. Refer to Note 4.1 for more information.
** During the financial year, amount due to parent company amounting to EUR 600 million (equivalent to DKK 4,472 million) was converted into equity.

Statement of Cash Flows
For the financial year ended 30 September 2023

DKKm	Note	30 Sept. 2023	30 Sept. 2022
Operating activities			
(Loss)/Profit for the year		**(19)**	**374**
Depreciation, amortization and impairment	3.3	252	259
Impairment loss on investment in subsidiaries	5.6	51	–
Income tax expense, net	2.3	(17)	58
Financial expense/(income), net	4.4	367	(89)
Share of profit in associates	5.3	(4)	2
Other non-cash adjustments		(2)	7
Cash flow from operating activities before changes in working capital		**628**	**611**
Change in inventories		2	9
Change in trade and other receivables		(644)	(130)
Change in trade and other payables		(221)	(230)
Change in other assets		(100)	(12)
Change in other liabilities		72	(32)
Change in provisions		(27)	(12)
Cash flow from operating activities before financial items and tax		**(290)**	**204**
Income taxes received, net		132	49
Cash flow from operating activities		**(158)**	**253**
Investing activities			
Investments in associates and subsidiaries	5.3, 5.6	(29,498)	11
Investments in intangible assets and property, plant and equipment	3.1, 3.2	(753)	(647)
Loans to related companies, net		241	(256)
Investments in other financial assets		–	25
Dividend from subsidiaries	4.4	162	15
Proceeds from disposal of intangible assets and property, plant and equipment		120	13
Cash flow used in investing activities		**(29,728)**	**(839)**
Cash flow from operating and investing activities		**(29,886)**	**(586)**

Statement of Cash Flows (cont'd)

For the financial year ended 30 September 2023

DKKm	Note	30 Sept. 2023	30 Sept. 2022
Financing activities			
Intragroup debt	4.3	25,316	715
Proceeds/repayment of bank debt, net	4.3	(49)	217
Repayment of bank loan	4.3	–	(735)
Financial expenses paid		(504)	96
Cash flows relating to lease liabilities	4.3	(160)	(53)
Capital increase		5,211	–
Change in other short-term debt and other financing activities		9	(13)
Cash flow used in financing activities		**29,823**	**227**
Net cash flow		**(63)**	**(359)**
Cash and cash equivalents, beginning of year		103	456
Adjustment foreign currency, cash and cash equivalents		(7)	6
Cash and cash equivalents, end of year		**33**	**103**

Notes to the financial statements
For the financial year ended 30 September 2023

1 Basis of preparation

The financial statements for the Company have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (EU) and additional requirements of the Danish Financial Statements Act .

The financial statements are presented in Danske Kroner (DKK) which is the functional currency of the Company. All values are rounded to the nearest million (DKK), except where indicated otherwise.

The Company's general accounting policies are described in Note 1.1 General accounting policies below.
In addition to this, specific accounting policies are described in each of the individual notes to the financial statements. The accounting policies set out below and, in each note, have been used consistently in respect of the financial year and the comparative figures.

1.1 General accounting policies

Basis of consolidation

The exemption from preparing consolidated financial statements has been used, and the financial statements presented are separate financial statements (ÅRL § 112). The Company is a wholly owned subsidiary of WS Audiology A/S ("Group").

The parent company, WS Audiology A/S (CVR.no: 40296638), Allerød, prepares publicly available consolidated financial statements. The consolidated financial statements of WS Audiology A/S can be acquired from the company's website at https://azurecdn.wsa.com/2024/01/WSA_AR-2022-23_final_web.pdf.

Translation of foreign currency

The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in other than the functional currency are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences between the exchange rate at the transaction date and at the date of payment are recognized in other financial income/expenses, net.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the transaction date.

Foreign exchange differences are generally recognized in other financial income/expenses, net in the income statement.

1.1 General accounting policies (cont'd)

Statement of cash flows

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment. Cash flows from acquired enterprises are recognized in the cash flow statement from the acquisition date. Cash flows from disposed enterprises are recognized up until the disposal date.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, repayment of interest-bearing debt (principal and interest), lease liabilities, acquisition and disposal of treasury shares and payment of dividends to shareholders.

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

Cash flows cannot be derived directly from the statement of financial position and income statement.

Applying materiality

The financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the financial statements or in the notes.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is not applicable or considered immaterial to the economic decision-making of the users of these financial statements.

1.2 Significant accounting estimates and judgments

In preparation of the financial statements, Management makes various accounting estimates and judgments that form the basis of presentation, recognition and measurement of the Company's assets, liabilities, income and expenses. The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

The application of the Company's accounting policies may require Management to make judgments that can have a significant effect on the amounts recognized in the financial statements. Management judgment is required in particular when assessing the substance of transactions that have a complicated structure or legal form.

The accounting estimates and judgments made are based on historical experience and other factors that Management assesses to be reliable, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

Specific accounting estimates and judgments are described in each of the following individual notes to the financial statements:

Principal accounting policies	Key accounting estimates and judgments	Nature of impact	Note	Estimation risk
Investment in subsidiaries	Estimate of recoverable amount of investment in subsidiaries	Estimate	5.6	High
Income tax and deferred income taxes	Estimate of value of deferred tax assets	Estimate	2.3	Medium
	Determination of possible outcomes of uncertain tax positions	Judgment		

Impairment of investment in subsidiaries
The recoverable amount of an investment in subsidiary is estimated using the fair value approach or value in use. The estimation of fair value is dependent on market performance of comparable peer group and is subject to uncertainties in macroeconomic developments which can affect market performance. The estimation of value in use involves key assumptions regarding the future cash flows, discount rate, terminal value growth rate.

Deferred tax assets and uncertain tax positions
The recoverability of deferred tax assets is dependent on the availability of future taxable profits. Estimate of future taxable profits is made based on annual budgets and business plans which is subject to uncertainty arising from economic and market developments.

The final tax outcome of uncertain tax positions is subject to different interpretation of local tax law by the relevant tax authority. Judgment is applied to assess the probable outcome of uncertain tax treatment.

For further description of judgments and estimates, please refer to the individual notes.

1.3 Adoption of new and amended IFRS

In the current year, the Company has applied the amendments to IFRS standards and Interpretations issued by the IASB and IFRSs endorsed by the European Union effective for annual periods beginning on or after 1 October 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

Management has assessed the impact of new or amended accounting standards and interpretations (IFRSs) issued by the IASB that has not yet become effective. Management does not anticipate any significant impact on future periods from the adoption of these amendments.

2 Results of the year

2.1 Revenue

DKKm	30 Sept. 2023	30 Sept. 2022
Revenue by geographic region:		
EMEA	928	858
Americas	658	645
APAC	519	514
Total	**2,105**	**2,017**

Revenue is predominantly recognized at a point in time, and revenue recognized over time is not significant. Revenues are attributed to countries on the basis of the customer's location. The Region "EMEA" consists of Europe, the Middle East and Africa. The Region "Americas" is the United States, Canada and Latin-America. The Region "APAC" consists of Asia, Australia and the Pacific region.

Revenue mainly derives from sale of goods. No individual customer accounts for 10% or more of the total revenue.

Accounting policies

Revenue from sale of products is recognized when the Company has transferred control of products sold to the buyer and it is probable that the Company will collect the consideration to which it is entitled for transferring the products. Control of the products is transferred at a point in time, typically on delivery.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, VAT and other duties.

Contracts with customers sometimes include multiple promises that constitute separate performance obligations, and to which a portion of the transaction price needs to be allocated. The total transaction price in the contract is allocated to separate performance obligation based on the relative stand-alone selling prices of each such performance obligation. Each separate performance obligation is recognized when control is transferred to the customer.

2.1 Revenue (cont'd)

Accounting policies (cont'd)

When products are sold with a right of return, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. In such cases, the expected returns are estimated based on an analysis of historical experience adjusted for any known factors impacting expectations for future return rates. To the extent that the Company will be able to recover the cost of returned products, when the customers exercise their right to return, a separate right to returned products asset and a reduction in cost of sales is recognized.

Discounts, rebates, and sales incentives to customers

The Company pays various discounts, rebates and sales incentives to customers including trade discounts and volume rebates. Furthermore, customer discounts include the difference between the present value and the nominal amount of loans to customers at below market interest rates.

Discounts, rebates, and sales incentives to customers are deducted from revenue and are measured using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the Company will be entitled net of discounts, rebates and sales incentives.

Estimates of the number of returns of products under customers right of return are based on the right of return policies and practices, accumulated historical experience, sales trends and the timing of returns from the original transaction date when applicable. Where new products are sold or products are sold to new markets, for which sufficient historical experience does not exist, refund liability and revenue to be recognized are based on estimated demand and acceptance rate for well-established products with similar market characteristics. If such similar product or market characteristics do not exist, recognition of revenue is postponed until there is evidence of consumption of the products by the customer, or when the right of return has expired.

Discounts, rebates and sales incentives are estimated and accrued when the related revenue is recognized. To make such estimates require use of judgment, as all conditions are not known at the time of the sale, e.g., the number of units sold to a given customer or the expected utilization of loyalty programmes. Liabilities in respect of sales discounts, rebates and loyalty programmes are adjusted, as the Company gain better information on the likelihood that they will be realized and the value at which they are expected to be realized.

The accrual against revenue of discounts from issue of customer loans at off-market terms is based on the customer's total committed purchases of products throughout the term of the customer loan and is recognized as a discount for each product sold.

2.2 Staff costs

DKKm	30 Sept. 2023	30 Sept. 2022
Wages, salaries and remuneration	739	709
Statutory social welfare contributions	9	8
Expenses relating to pension plans and long-term employee benefits	61	58
Total	**809**	**775**
Average number of full-time employees	922	912

For information regarding remuneration of the Board of Directors, Executive Management and other Key Management Personnel, please refer to Note 5.1 Remuneration of Key Management Personnel.

Accounting policies

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognized in the year in which the associated services are rendered by employees of the Company. Where the Company provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

2.3 Income taxes

Income taxes consists of the following:

DKKm	30 Sept. 2023	30 Sept. 2022
Current tax for the year	–	24
Change in deferred tax for the year	23	(79)
Prior-year adjustments, current tax	9	(37)
Prior-year adjustments, deferred tax	(15)	34
Total	**17**	**(58)**

Tax for the year is composed of:

DKKm	30 Sept. 2023	30 Sept. 2022
Tax on profit for the year	17	(58)
Total	**17**	**(58)**

Income tax (expense)/benefit differs from the amounts computed by applying the statutory Denmark income tax rate of 22% (2022: 22%) as follows:

Reconciliation of effective tax rate	30 Sept. 2023	30 Sept. 2022
Expected income tax (expense)/benefit	8	(95)
Non-deductible expenses	(48)	(1)
Non-taxable income	45	3
Adjustment of tax with respect to prior years	(6)	(3)
Tax incentives	18	38
Total	**17**	**(58)**

Deferred Tax

DKKm	30 Sept. 2023	30 Sept. 2022
Opening deferred tax, net	**(86)**	**(41)**
Changes in deferred tax assets/(liabilities)	23	(79)
Adjustment of deferred tax, prior years	(15)	34
Closing deferred tax, net	**(78)**	**(86)**

Deferred tax recognized in the balance sheet		
Deferred tax liabilities	(78)	(86)
Deferred tax, net	**(78)**	**(86)**

2.3 Income taxes (cont'd)

Breakdown of the Company's temporary differences and changes

DKKm	Tax effect of temporary differences at 1 Oct. 2022	Adjustment to prior year	Recognized in profit for the year	Tax effect of temporary differences at 30 Sept. 2023
Financial assets	**–**	–	1	**1**
Intangible assets	**(137)**	(7)	(24)	**(168)**
Tangible assets	**10**	–	(3)	**7**
Right-of-use assets / lease liabilities	**15**	–	2	**17**
Inventories	**(1)**	1	0	–
Receivables	**(4)**	–	4	–
Liabilities	**–**	–	10	**10**
Tax loss and credit carry-forward	**31**	(9)	33	**55**
Total	**(86)**	**(15)**	**23**	**(78)**

DKKm	Tax effect of temporary differences at 1 Oct. 2021	Adjustment to prior year	Recognized in profit for the year	Tax effect of temporary differences at 30 Sept. 2022
Financial assets	2	–	(2)	**–**
Intangible assets	(67)	–	(70)	**(137)**
Tangible assets	16	–	(6)	**10**
Right-of-use assets / lease liabilities	13	–	2	**15**
Inventories	(8)	8	(1)	**(1)**
Receivables	(2)	–	(2)	**(4)**
Liabilities	–	–	–	**0**
Tax loss and credit carry-forward	5	26	–	**31**
Total	**(41)**	**34**	**(79)**	**(86)**

Unrecognized deferred tax assets

Unrecognized deferred tax assets are based on Management's expectation about future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, it is probable the Company will realize the benefits of these deductible differences.

There were no unrecognized deferred tax assets in the current and previous financial year.

The jointly taxed companies made use of the tax asset of DKK 24 million in the income year 21/22 which will be settled November 2023. The management assessed that there will be no current year tax asset that will be utilised by the jointly taxed companies in the income year 22/23.

2.3 Income taxes (cont'd)

OECD Pillar Two model rules

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was substantially enacted in Denmark and will come into effect from 1 January 2024. Under the legislation, the Company is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. All subsidiaries are expected to have an effective tax rate that exceeds 15%, except for one subsidiary that operates in Singapore. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. The Company is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

Accounting policies

Income tax comprises current tax and changes in deferred tax for the year, including changes as a result of changes in tax rates. The tax expense for the year is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity.

The Company is jointly taxed with its Parent Company T&W Medical A/S, and any Danish subsidiaries of the parent entity. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Current tax liabilities or assets are measured using the tax rates and tax laws that have been enacted or substantively enacted in each jurisdiction by the end of the reporting period.

Deferred tax is measured using the balance sheet liability method and comprises all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not recognized for taxable or deductible temporary differences:

- arising from the initial recognition of goodwill
- associated with investments in subsidiaries, branches, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

If amortization of goodwill is deductible for tax purposes, a deferred tax liability is recognized on temporary differences arising after initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets and tax liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets or to realise the assets and settle the liabilities simultaneously.

2.3 Income taxes (cont'd)

Significant judgments and accounting estimates

Tax legislation can be highly complex and subject to interpretation. Significant judgment and estimates are required in determining the accrual for income taxes, deferred tax assets and liabilities and uncertain tax positions.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. This judgment is made annually and based on budgets and business plans, including planned commercial initiatives, for the coming five years unless a longer period in certain situations (e.g. for start-up businesses) is warranted. Currently, a longer period than five years has not been applied in the jurisdiction in which the Company operates.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management judgment is applied to assess the possible outcome of such disputes. The "most probable outcome" method is used when determining whether to recognize any amounts related to such uncertain tax position. If it is probable that a tax adjustment will be required, the amount of such adjustment is measured at the most likely amount or the expected value, whichever method better predict the resolution of the uncertain tax position.

3 Operating assets and liabilities

3.1 Intangible assets

DKKm	Development projects	Trademarks, patents, and similar rights	Software	Total
Cost at 1 October 2022	**1,790**	**100**	**64**	**1,954**
Additions	640	–	19	**659**
Disposals	(2)	–	–	**(2)**
Cost at 30 September 2023	**2,428**	**100**	**83**	**2,611**
Accumulated amortization and impairment at 1 October 2022	**(442)**	**(95)**	**(55)**	**(592)**
Amortization	(169)	(2)	(4)	**(175)**
Impairment	(2)	–	–	**(2)**
Disposals	2	–	–	**2**
Accumulated amortization and impairment at 30 September 2023	**(611)**	**(97)**	**(59)**	**(767)**
Carrying amount at 30 September 2023	**1,817**	**3**	**24**	**1,844**

DKKm	Development projects	Trademarks, patents, and similar rights	Software	Total
Cost at 1 October 2021	**1,210**	**102**	**60**	**1,372**
Additions	585	–	4	**589**
Disposals	(5)	(2)	–	**(7)**
Cost at 30 September 2022	**1,790**	**100**	**64**	**1,954**
Accumulated amortization and impairment at 1 October 2021	**(276)**	**(92)**	**(50)**	**(418)**
Amortization	(166)	(3)	(5)	**(174)**
Impairment	(5)	–	–	**(5)**
Disposals	5	–	–	**5**
Accumulated amortization and impairment at 30 September 2022	**(442)**	**(95)**	**(55)**	**(592)**
Carrying amount at 30 September 2022	**1,348**	**5**	**9**	**1,362**

3.1 Intangible assets (cont'd)

Development costs

DKKm	30 Sept. 2023	30 Sept. 2022
Research and development cost incurred	974	951
Development costs capitalized as development projects	(640)	(585)
Depreciation of operating assets etc., used for development purposes	15	18
Amortization and impairment of capitalized development projects	171	171
Total expensed development costs	**520**	**555**

Accounting policies

Other intangible assets

Other intangible assets include development projects, trademarks, patents and licenses and software.

Development projects that are clearly defined and identifiable, where the technical feasibility of completion, availability of adequate resources to complete, existence of potential future market can be demonstrated, and where Management has the intent to manufacture, market or apply the product or process in question are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. The costs of development projects comprise all directly attributable costs including wages, salaries, costs to external consultants, rent, materials and services and other costs.

Intangibles assets are measured at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the expected useful lives of the assets to their estimate residual value if any.

Internal development expenditure is capitalized only if it meets the recognition criteria of IAS 38 *Intangible Assets.* Where regulatory and other uncertainties are such that the criteria are not met, the expenditure is charged to profit and loss.

Where, however, recognition criteria are met, intangible assets are capitalized and amortized on a straight-line basis over their useful economic lives from product launch, of which judgment is required.

Costs incurred on development projects are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the product during its development can be reliably measured.

The Company has defined milestones for various phases of the development of new products, from the commencement of the project to successful realization and subsequently product launch. The criteria as required by IAS 38 for the recognition of development costs, have been adapted within the work processes as criteria for the first milestone, to ensure that all criteria have been met for development cost prior to capitalization.

3.2 Property, plant and equipment

DKKm	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improve-ments	Assets under construction	Total
Cost at 1 October 2022	**339**	**27**	**4**	**23**	**393**
Additions	21	17	6	39	**83**
Disposals	(11)	–	–	–	**(11)**
Transfers	7	–	–	(7)	–
Cost at 30 September 2023	**356**	**44**	**10**	**55**	**465**
Accumulated depreciation at 1 October 2022	**(205)**	**(11)**	**(2)**	–	**(218)**
Depreciations	(28)	(6)	(1)	–	**(35)**
Disposals	7	–	–	–	**7**
Accumulated depreciation at 30 September 2023	**(226)**	**(17)**	**(3)**	–	**(246)**
Carrying amount at 30 September 2023	**130**	**27**	**7**	**55**	**219**

DKKm	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improve-ments	Assets under construction	Total
Cost at 1 October 2021	**288**	**18**	**3**	**40**	**349**
Additions	12	9	1	26	**48**
Disposals	(1)	–	–	(3)	**(4)**
Transfers	40	–	–	(40)	**–**
Cost at 30 September 2022	**339**	**27**	**4**	**23**	**393**
Accumulated depreciation at 1 October 2021	**(176)**	**(7)**	**(1)**	–	**(184)**
Depreciations	(29)	(4)	(1)	–	**(34)**
Impairment	(1)	–	–	–	**(1)**
Disposals	1	–	–	–	1
Accumulated depreciation at 30 September 2022	**(205)**	**(11)**	**(2)**	–	**(218)**
Carrying amount at 30 September 2022	**134**	**16**	**2**	**23**	**175**

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs directly attributable to bringing the asset to its location and condition necessary for its intended use. In addition, the initial estimate of the costs related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost, if relevant. Where individual components of an item of property, plant and equipment, that is material, have different useful lives, they are accounted for as separate items, and depreciated separately.

3.3 Depreciation, amortization and impairment

DKKm	30 Sept. 2023	30 Sept. 2022
Amortization of intangible assets	175	174
Depreciation of property, plant and equipment	35	34
Depreciation of right-of-use assets	40	45
Impairment of intangible assets	2	5
Impairment of tangible assets	–	1
Total	**252**	**259**

Amortization & depreciation of intangible assets and property plant and equipment, net of reversal of property plant and equipment is recognized in the income statement as follows:		
Cost of goods sold	45	46
Research and development costs	184	184
Selling and general administration costs	21	23
Total	**250**	**253**

Impairment of intangible assets and property plant and equipment, net of reversal of impairment of property plant and equipment is recognized in the income statement as follows:		
Research and development costs	2	6
Total	**252**	**259**

Accounting policies

Depreciation

Depreciation is recognized on a straight-line basis over the expected useful lives of property, plant and equipment, taking into account the expected residual value after the end of the useful life.

The estimated useful lives are as follows:

Leasehold improvements	5 – 20 years
Technical machinery & equipment	4 – 10 years
Other fixtures and fittings, tools and equipment, furniture etc	3 – 5 years

Estimated useful lives and residual values are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the expected useful lives or the expected residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as production costs, development costs, distribution costs, and administrative expenses.

3.3 Depreciation, amortization and impairment (cont'd)

Accounting policies (cont'd)

Amortization

Amortization is recognized on a straight-line basis over the expected useful lives of other intangible assets.

For patents, licenses, acquired intellectual property and other intangible assets arising from contractual or other legal rights, the useful life is the shorter of the period of the contractual or legal rights and the economic useful life.

The estimated useful lives are as follows:

Completed development projects	3 years
Patents, licenses and other similar rights	3 – 10 years
Trademarks	10 years
Acquired intellectual property	8 – 12 years
Software	3 – 10 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortization is recognized in the income statement as production costs, development costs, distribution costs, and administrative expenses.

Impairment

Intangible assets not yet available for use, e.g. development projects in progress, are not subject to amortization, but are tested for impairment at least annually, irrespective of whether there is any indication that they may be impaired.

Other intangible assets, which are subject to amortization, and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If assets do not generate cash flows that are largely independent of those from other assets or Company's of assets, the impairment test is performed at the level of the CGU to which the asset belong.

Recoverability of assets is measured by comparing the carrying amount of the asset or CGU with the recoverable amount, which is the higher of the asset's or CGU's value in use and its fair value less costs to sell.

If the carrying amount of an asset, or of the CGU to which the asset belong, is higher than its recoverable amount, the carrying amount is reduced to the recoverable amount, and an impairment loss is recognized in the income statement.

Impairment of intangible assets, and impairment of property, plant and equipment is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

3.4 Right-of-use assets/Lease liabilities

Right-of-use assets:

DKKm	Buildings and retail shops	Vehicle fleet	Total
At 1 October 2022	**565**	**5**	**570**
Disposals during the year	(105)	(2)	**(107)**
Depreciations for the year	(38)	(2)	**(40)**
Disposals depreciations during the year	–	2	**2**
At 30 September 2023	**422**	**3**	**425**

DKKm	Buildings and retail shops	Vehicle fleet	Total
At 1 October 2021	**607**	**6**	**613**
Additions during the year	–	2	**2**
Disposals during the year	–	(2)	**(2)**
Depreciations for the year	(42)	(3)	**(45)**
Disposals depreciations during the year	–	2	**2**
At 30 September 2022	**565**	**5**	**570**

Lease liabilities:

DKKm	Buildings and retail shops	Vehicle fleet	Total
At 1 October 2022	**637**	**6**	**643**
Disposals during the year	(104)	–	**(104)**
Amortizations	(54)	(2)	**(56)**
Interests	25	–	**25**
At 30 September 2023	**504**	**4**	**508**

DKKm	Buildings and retail shops	Vehicle fleet	Total
At 1 October 2021	**666**	**7**	**673**
Additions during the year	–	2	**2**
Amortizations	(51)	(3)	**(54)**
Interests	22	–	**22**
At 30 September 2022	**637**	**6**	**643**

3.4 Right-of-use assets/Lease liabilities (cont'd)

The incremental borrowing rates of the Company's lease liabilities range from 3% to 15% (2022: 2% to 20%) per annum as at 30 September 2023.

The maturity analysis of the lease liabilities is included in Note 4.2 Financial risks and financial instruments.

Accounting policies

When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Company recognized a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease if the rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

3.4 Right-of-use assets/Lease liabilities (cont'd)

Accounting policies (cont'd)

Lease liabilities (cont'd)

For contracts that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non-lease component for property leases and account for these as one single lease component.

Lease liability is measured at amortized cost using the effective interest method. Lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Company's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That is, the rate specific to:

- The lessee – i.e. it is a company specific rate that reflects the credit worthiness of the company
- The term of the arrangement
- The amount of the funds "borrowed"
- The "security"- i.e. the nature and quality of the underlying asset; and
- The economic environment, encompassing the jurisdiction, the currency and the date at which the lease entered into.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Company has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for leased asset subject to sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

3.5 Other assets

Other non-current assets are as follows:

DKKm	30 Sept. 2023	30 Sept. 2022
Loans to subsidiaries	1,233	1,477
Customer loans	117	130
Derivative financial instruments	101	–
Others	–	2
Total	**1,451**	**1,609**

Other current assets are as follows:

DKKm	30 Sept. 2023	30 Sept. 2022
Receivables from associates	22	19
VAT receivables	22	36
Others	21	16
Total	**65**	**71**

Loans to subsidiaries and customers loans have been evaluated individually for impairment and provisions for write-down. Management has not identified any indications of impairment in the current and previous financial year.

Accounting policies

Customers loans

Customer loans are initially recognized at fair value less transaction costs and subsequently measured at amortized cost less loss allowance or impairment losses. Any difference between the nominal value and the fair value of the loans at initial recognition is treated as a prepaid discount on future sales to the customer, and is recognized in the income statement as a reduction of revenue as and when the customer purchases goods from the Company.

The fair value of customer loans at initial recognition is measured at the present value of future repayments of the loan discounted at a market interest rate corresponding to the money market rate based on the expected maturity of the loan with the addition of a risk premium. The effective interest on customer loans is recognized as interest income in the income statement over the term of the loans.

A loss allowance is recognized at initial recognition and subsequently based on 12-months expected credit losses, unless a significant increase has arisen since the initial recognition of the loan, in which case the loss allowance is based on lifetime expected credit losses.

Customer loans are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

3.5 Other assets (cont'd)

Accounting policies (cont'd)

Derivative financial instruments

The Company holds derivative financial instruments to hedge its interest rate risk exposures arising from operational and financing activities. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are recognized immediately in the profit or loss.

Other non-derivative financial assets

Other non-derivative financial assets including other loans and receivables are recognized initially at fair value less directly attributable transactions costs. Subsequently, they are measured at amortized cost using the effective interest method less impairment. A loss allowance is recognized at initial recognition and subsequently based on 12-months expected credit losses, unless a significant increase has arisen since the initial recognition of the loans and receivables, in which case the loss allowance is based on lifetime expected credit losses.

3.6 Inventories

DKKm	30 Sept. 2023	30 Sept. 2022
Raw materials and purchased components	234	262
Work in progress	46	49
Finished goods and goods for resale	90	61
Total	**370**	**372**
Write-downs, provisions for obsolescence etc. included in the above	(89)	(82)

Included in the income statement under production costs:

DKKm	30 Sept. 2023	30 Sept. 2022
Write-downs of inventories for the year	(7)	(3)
Cost of goods sold during the year	(1,004)	(1,000)
Total	**(1,011)**	**(1,003)**

Accounting policies

Inventories are measured at the lower of cost and net realisable value, cost being generally determined on the basis of FIFO method. Cost comprises raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies, wages, and salaries, amortization of brands and software, as well as maintenance and depreciation of machinery, plant and equipment used for production.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.7 Trade receivables

DKKm	Current not due	1-30 days past due	31-60 days past due	61-90 days past due	91-180 days past due	More than 181 days past due	Total
30 September 2023							
Gross carrying amount – Trade receivables	27	20	11	9	9	72	**148**
Loss allowance	–	(1)	(2)	(2)	(2)	(46)	**(53)**
Trade receivables at 30 September 2023	**27**	**19**	**9**	**7**	**7**	**26**	**95**
30 September 2022							
Gross carrying amount – Trade receivables	34	11	15	5	8	59	**132**
Loss allowance	–	–	(2)	–	(2)	(47)	**(51)**
Trade receivables at 30 September 2022	**34**	**11**	**13**	**5**	**6**	**12**	**81**

The below table shows the movement in lifetime expected credit losses that has been recognized for trade receivables.

DKKm	30 Sept. 2023	30 Sept. 2022
Opening loss allowance	**(51)**	**(51)**
Provisions recovered	1	2
General allowance	(1)	–
Individually	(2)	(2)
Closing loss allowance	**(53)**	**(51)**

Accounting policies

Trade receivables and contract assets are measured at amortized cost less allowance for lifetime expected credit losses.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. For trade receivables and contract assets that are considered credit impaired, the expected credit loss is determined individually.

Loss allowance is calculated using a provision matrix that incorporates an ageing factor, geographical risk and specific customer knowledge. The provision matrix is based on historical credit losses incurred within relevant time bands of days past due adjusted for a forward-looking element.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

3.8 Other liabilities

Other current liabilities are as follows:

DKKm	30 Sept. 2023	30 Sept. 2022
Employee costs payable	90	95
Payroll and social security taxes	38	–
Bonus obligations	65	54
Earn-out provisions*	12	–
Other liabilities	43	27
Total	**248**	**176**

* Earn-out provisions is presented in "Provisions" in last year.

Accounting policies

Earn-out provisions

Earnout provision from business combinations relates to components of the purchase price for which the payments depend on the achievement of defined performance measures.

Financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less transaction costs, and subsequently measured at amortized cost using the effective interest method.

Other liabilities are measured at amortized cost.

4 Capital structure and financing items

4.1 Outstanding shares

	Outstanding shares (mil)	Total number of shares (mil)	Nominal value of outstanding shares DKKm
Number/value of shares at 30 September 2022	**30**	**30**	**30**
Issuance of shares	*	*	*
Number/value of shares at 30 September 2023	**30**	**30**	**30**

*Amount less than DKK 1 million

All shares are fully issued and paid up. During the year, the share capital was increased by DKK 100 at subscription price of DKK 7,388,939 per share by cash payment of DKK 738,893,856. After the capital increase, the Company's share capital of DKK 30,000,100 is divided into a corresponding number of 30,000,100 shares with equal voting and dividend rights (2022: DKK 30,000,000 divided into a corresponding number of 30,000,000). There are no restrictions on the negotiability or voting rights of the shares.

Capital structure

The Company's ambition is to maintain a strong capital base and with a high degree of investor, creditor and market confidence to support the strategic development of the Company. The Company has retained its earnings that have been accumulated to strengthen its equity.

The capital structure of the Company consists of net debt (short-term and long-term borrowings disclosed in Note 4.2 after deducting cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings).

Accounting policies

Proposed dividend is recognized as a liability at the date when it is adopted at the Annual General Meeting (declaration date). The dividend recommended by the Board of Directors, and therefore expected to be paid for the year, if any, is disclosed in the notes.

4.2 Financial risks and financial instruments

Financial risk management

The Company is exposed to financial risks arising from its operating, investing and financial activities, including foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Liquidity risk, foreign exchange risk and interest rate risk are managed centrally by Group Treasury while customer credit risk is managed by the business unit. The Company uses financial instruments only to mitigate interest rate risk. The objective, policies and processes for managing the risk exposure to these items are further explained in the following sections.

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time. The Company may incur losses if the credit quality of its customers deteriorates or if they default on their payment obligations to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables including loans to customers.

The Company has exposure to customer credit risk and the credit risk is monitored on an ongoing basis. This includes the review of individual receivables and of individual customer creditworthiness on a case-by-case basis as the analysis of individual customer payment performance and historical bad debts and the consideration of country credit ratings. Credit evaluations are performed on all customers annually and on an ongoing basis. The Company does not require collateral in respect of financial assets. However, the Company has credit enhancements such as personal guarantees and share pledges related to customer loan. Assessment of the credit risk related to customers is further described in Note 3.7 Trade receivables.

There were no significant concentrations of credit risk at 30 September 2023 and 30 September 2022.

The maximum exposure to credit risk of financial assets is represented by their carrying amount. Concerning trade receivables and other receivables, as well as loans or receivables included in other assets that are neither impaired nor past due, there were no indications as of 30 September 2023 and 30 September 2022 that defaults in payment obligations will occur.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities.

The Company uses a centralised approach to cash management through participation in the in-house banking and cash pool setup managed by Group Treasury. The Company's cash and funding are primarily pooled directly with Group Treasury through cash pool clearing accounts.

The Company finances itself from its operating cash flow and utilizing the Group Treasury's cash pooling and cash management systems, in which excess liquid funds are deposited at Group Treasury's in-house bank.

The Company had cash and cash equivalents of DKK 33 million as of 30 September 2023 (2022: DKK 130 million). With its strong operating cash flow, the Company expects to be able to meet all of its present and future obligations arising from operational cash needs.

4.2 Financial risks and financial instruments (cont'd)

Liquidity risk (cont'd)

The following table reflects all contractually fixed payoffs for settlement, repayments and interest resulting from recognized financial liabilities. It includes expected net cash outflows from derivative financial liabilities that were in place at 30 September 2023. Such expected net cash outflows are undiscounted net cash outflows for the respective upcoming fiscal years, based on the earliest date on which the Company could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at 30 September 2023 and 30 September 2022.

DKKm	Less than 1 year	Between 1-5 years	More than 5 years	Total
30 September 2023				
Bank debt	168	–	–	168
Intragroup debt	9,324	24,039	84	33,447
Lease liabilities	58	223	471	752
Trade payables	269	–	–	269
Intragroup payables	796	–	–	796
Total non-derivative financial liabilities	**10,615**	**24,262**	**555**	**35,432**
30 September 2022				
Bank debt	217	–	–	217
Intragroup debt	254	4,481	71	4,806
Lease liabilities	54	220	529	803
Trade payables	213	–	–	213
Intragroup payables	1,072	–	–	1,072
Total non-derivative financial liabilities	**1,809**	**4,701**	**600**	**7,111**

The risk implied from the values in the table above reflects the one-sided scenario of cash outflows only. Obligations under trade payables and other financial liabilities mainly originate from the financing of assets used in the Company's ongoing operations such as property, plant and equipment, and investments in working capital such as inventories and trade receivables. These assets are considered in the Company's overall liquidity risk management.

4.2 Financial risks and financial instruments (cont'd)

Foreign currency risk

The Company has cash flow in foreign currencies due to its international operations and USD denominated debt with its Parent company which exposes the Company to fluctuations in exchange rates vs reporting currency DKK. Foreign currency exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company manufactures and distributes most of its products at its headquarter in Denmark. The products are sold to its regional affiliates and as a general principle invoiced in the currency of the buying entities.

The majority of the Company's sales and costs are in USD, EUR, CAD, GBP and BRL. The cash flow exposure in USD and EUR is reduced by material costs which are largely denominated in USD and EUR and interest expenses in USD. The exchange rate risk in EUR is regarded as low because of DKK's fixed exchange rate against EUR.

The foreign currency risk is centrally managed by Group Treasury. It is the Company's policy not to undertake any financial transactions in foreign currencies of a speculative nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the approximate effect from the Company's cash, trade receivables, derivative financial instrument, trade payables and loans and receivables on the Company's income statement (financial items) in response to fluctuation of the currencies other than the Company's reporting currency DKK. This analysis assumes that all other variables, in particular interest rates, remain constant.

DKKm	Profit/(Loss)
30 September 2023	
GBP +5%	(5.2)
USD +5%	(399.2)
EUR +1%	(201.2)
30 September 2022	
AUD +5%	2.1
USD +5%	31.4
GBP +5%	3.3

4.2 Financial risks and financial instruments (cont'd)

Interest rate risk

The Company's interest rate exposure relates primarily to its amount due from/to related companies.

At 30 September 2023, the Company's debt consists of intragroup debt of DKK 21,523 million (2022: DKK 3,747 million) with a floating interest rate of which 35% have been swapped into fixed interest rate. The Company did not apply hedge accounting in relation to these interest rate swaps.

Specification of interest-bearing assets & debt

DKKm	30 Sept. 2023	30 Sept. 2022
Cash and cash equivalents	33	103
Intragroup receivables	1,409	779
Non-current financial assets	1,451	1,609
Total interest-bearing assets	**2,893**	**2,491**
Intragroup debt	(29,134)	(3,818)
Intragroup payables	(796)	(1,073)
Bank debt	(168)	(217)
Total interest-bearing debt	**(30,098)**	**(5,108)**

Interest rate sensitivity analysis

The Company is exposed to change in interest rates primarily from EURIBOR, LIBOR and Term SOFR. The sensitivity analysis has been determined based on the exposure to interest rates at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding (after hedging) at the reporting date was outstanding for the whole year. A 1 percentage point increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

At 30 September 2023, if interest rates had been 1 percentage point higher and all other variables were held constant, the Company's financial results for the year ended 30 September 2023 would reduce by DKK 140 million (2022: DKK 37 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

4.2 Financial risks and financial instruments (cont'd)

Categories of financial assets and financial liabilities and fair value hierarchy

The below table shows the categories of financial assets and financial liabilities, their carrying amounts and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

DKKm		Fair value			
30 September 2023	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	95	–	–	–	–
Intragroup receivables	1,409	–	–	–	–
Other assets*	1,415	–	–	–	–
Cash and cash equivalents	33	–	–	–	–
Income tax receivables	36	–	–	–	–
Financial assets measured at amortized cost	**2,988**	**–**	**–**	**–**	**–**
Derivative financial instruments	101	–	101	–	101
Financial assets measured at fair value through P&L	**101**	**–**	**101**	**–**	**101**
Bank debt	(168)	–	–	–	–
Intragroup debt	(29,134)	–	–	–	–
Lease liabilities	(508)	–	–	–	–
Intragroup payables	(796)	–	–	–	–
Trade payables	(269)	–	–	–	–
Other financial liabilities	(248)	–	–	–	–
Financial liabilities measured at amortized cost	**(31,123)**	**–**	**–**	**–**	**–**

DKKm		Fair value			
30 September 2022	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	81	–	–	–	–
Intragroup receivables	779	–	–	–	–
Other assets*	1,680	–	–	–	–
Cash and cash equivalents	103	–	–	–	–
Income tax receivables	159	–	–	–	–
Financial assets measured at amortized cost	**2,802**	**–**	**–**	**–**	**–**
Bank debt	(217)	–	–	–	–
Intragroup debt	(3,818)	–	–	–	–
Lease liabilities	(643)	–	–	–	–
Intragroup payables	(1,073)	–	–	–	–
Trade payables	(213)	–	–	–	–
Other financial liabilities	(176)	–	–	–	–
Financial liabilities measured at amortized cost	**(6,140)**	**–**	**–**	**–**	**–**

*Excluding derivative financial instruments

4.2 Financial risks and financial instruments (cont'd)

Categories of financial assets and financial liabilities and fair value hierarchy (cont'd)

The fair values of cash and cash equivalents, trade and other receivables and trade payables with a remaining term of up to twelve months, other current financial liabilities and borrowings under revolving credit facilities are approximately equal to their carrying amount, mainly due to the short-term maturities of these instruments.

The levels of the fair value hierarchy and its application to financial assets and financial liabilities are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Valuations methods, with significant inputs not being based on observable market data.

Valuation techniques and significant observable inputs

Type	Valuation technique	Significant unobservable inputs	Sensitivity of fair value to significant unobservable inputs
Interest rate swap	The fair value of the interest rate swap is determined using discounted cash flows of fixed leg and net present value of floating leg based on forward rate curve, and can be categorized as level 2 (observable inputs) in the fair value hierarchy	Not applicable	Not applicable

4.3 Liabilities from financing activities

DKKm	Bank loans	Bank debt	Lease liabilities	Intragroup debt	Total
Liabilities at 1 October 2022	**–**	**217**	**643**	**3,818**	**4,678**
Changes from financing cash flows	–	(49)	(160)	25,316	25,107
Non-cash transactions	–	–	25	–	25
Liabilities at 30 September 2023	**–**	**168**	**508**	**29,134**	**29,810**
Liabilities at 1 October 2021	**735**	**–**	**673**	**3,103**	**4,511**
Changes from financing cash flows	(740)	217	(52)	706	131
Non-cash transactions	4	–	22	9	35
Amortized loan costs	1	–	–	–	1
Liabilities at 30 September 2022	**–**	**217**	**643**	**3,818**	**4,678**

4.4 Financial income and expenses

DKKm	30 Sept. 2023	30 Sept. 2022
Interest income	140	105
Total interest income	**140**	**105**
Interest expenses	(447)	(240)
Total interest expenses	**(447)**	**(240)**
Other financial income/(expenses), net		
Foreign exchange differences	(230)	194
Fair value change on derivative financial asset	8	–
Dividends and other income from subsidiaries	162	15
Total other financial income/(expenses), net	**(60)**	**209**

Interest income and interest expense includes those generated from financial assets/financial liabilities not measured at fair value through profit or loss.

Accounting policies

Financial income and expenses comprise interest income and expenses, gains and losses on securities, exchange rate adjustments on receivables, payables and transactions denominated in foreign currencies, credit card fees, amortization and impairment of financial assets other than trade receivables and contract assets and liabilities, gains and losses on derivative financial instruments not designated as hedging instruments etc. Financial income includes recycled amount from hedge accounting.

Interest income and expenses on financial assets and liabilities measured at amortized cost is recognized using the effective interest method. Other financial income and expenses are recognized on an accrual basis in the period to which they relate.

5 Other disclosures

5.1 Remuneration of Key Management Personnel

DKKm	Short-term benefits	Termination benefits	Total
1 October 2022 – 30 September 2023			
Executive Management	31	–	**31**
Board of Directors	–	–	**–**
Total	**31**	–	**31**
1 October 2021 – 30 September 2022			
Executive Management	32	1	**33**
Board of Directors	–	–	**–**
Total	**32**	**1**	**33**

5.2 Contingent assets and liabilities

Guarantees

The Company has contingent obligation to indemnify the issuing Banks for Bankers Guarantees for an amount of up to DKK 9 million (2022: DKK 11 million) at 30 September 2023. None of the outstanding guarantees are likely to be drawn, hence no provisions have been made.

Outstanding lawsuits and disputes

The Company is, from time to time, subject to legal disputes in connection with its business activities. In the light of the number of legal disputes and proceedings in which the Company is involved, it cannot be ruled out that some of these proceedings could result in rulings against the Company. Although the Company maintains liability insurance in its non-amounts the Company considers consistent with industry practice, it may not be fully insured against all potential damages that may arise out of any claims to which the Company may be party in the ordinary course of the Company's business. At this time, however the Company does not expect any significant negative effects on the Company's financial position or finance and earnings situation resulting from legal disputes.

The Company seeks to make adequate provisions for any legal disputes and proceedings and assesses the likely outcome in which the Company is involved.

5.3 Investment in associates

DKKm	Investments in associates	Receivables from associates
Balance at 30 September 2022	14	19
Transfer from other financial assets	5	3
Share of post-acquisition retained earnings and translation differences	4	–
Carrying amount at 30 September 2023	**23**	**22**
Balance at 30 September 2021	16	19
Share of post-acquisition retained earnings and translation differences	(2)	–
Carrying amount at 30 September 2022	**14**	**19**

The Company's investments in associates are not individually material.

Company	Country	30 Sept. 2023 Equity Interest %	30 Sept. 2022 Equity Interest %
Other equity investments			
Hearing Instrument Manufacturers Software Association A/S	Denmark	25	25
HIMSA II A/S	Denmark	20	20
HIMSA II K/S	Denmark	17	17
HIMPP A/S	Denmark	13	13
K/S HIMPP	Denmark	9	9
D Med Hearing Center Ltd.	Thailand	38	38
Widex Columbia SAS	Columbia	30	30
Widex Servicios Technico S.A.	Spain	30	30
Widex Audifonos S.A.	Spain	30	30
Instituto Auditivo Widex C.A.	Venezuela	30	30
Odio Tech Pty Ltd	Australia	22	–

Accounting policies

Associates are those entities in which the Company has significant influence but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Company has joint control over the financial and operating policies, and where the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. This entails that the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture calculated in accordance with the Company's accounting policies. When the Company's share of losses of an associate or joint venture exceeds the Company's interest in such associate or joint venture, the Company discontinues recognizing its share of future losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

5.4 Fees to auditors appointed at the annual general meeting

	Deloitte	
DKKm	30 Sept. 2023	30 Sept. 2022
1 October 2022 - 30 September 2023		
Audit fees	1	1
Tax services	–	1
Other services	6	3
Total	**7**	**5**

5.5 Related parties

T&W Medical A/S is the ultimate parent entity. Other related parties include those entities controlled by T&W Medical A/S excluding Widex A/S' subsidiaries and associated companies.

Other related parties in the summary below include those entities controlled by T&W Medical A/S.

Transactions with related parties

In addition to the related party disclosure that is disclosed elsewhere in the financial statements, the following significant transactions between the Company and its related parties took place at terms agreed during the fiscal year:

DKKm	30 Sept. 2023	30 Sept. 2022
Transactions with Parent companies		
- Loans from related parties	(17,173)	(738)
- Interest on loans	(319)	(148)
- Sale of goods and services	1	1
- Purchase of goods and services	(1)	–
Transactions with subsidiaries		
- Sales of goods and services	1,715	1,501
- Purchase of goods and services	(857)	(319)
- Other income	608	–
- Interest received, net	47	71
- Dividends	162	15
Transactions with associated entities		
- Purchase of goods and services	68	56
Other related parties		
- Sales of goods and services	–	227
- Purchase of goods and services	(61)	(801)
- Other income	–	818
- Interest received/(paid), net	–	(16)
Total transactions with related parties	**(15,810)**	**667**

5.5 Related parties (cont'd)

Outstanding balances with related parties

DKKm	30 Sept. 2023	30 Sept. 2022
Parent Companies		
- Receivables	104	24
- Payables	21,527	3,747
Subsidiaries		
- Receivables	2,539	1,812
- Payables	8,402	911
Associates		
- Receivables	22	19
- Payables	–	–
Other related parties		
- Receivables	1	420
- Payables	18	244

Transactions with related individuals

The Company's Executive management is defined as those persons, who are responsible for the Company's worldwide operating business, based on their function within the Company or the interests of WS Audiology A/S and registered directors in the company. During the current and previous financial year, there were no significant, material or major transactions between the Company and members of the Executive Management and Board of Directors, other than their remuneration and transactions towards the participation program. For information about remuneration to Executive management and Board of Directors refer to Note 5.1.

5.6 Investments in subsidiaries

DKKm	30 Sept. 2023	30 Sept. 2022
Cost at 1 October	1,930	1,941
Additions for the year	29,498	–
Disposals for the year	–	(11)
Cost at 30 September	**31,428**	**1,930**
Impairment at 1 October	–	–
Impairment for the year	(51)	–
Impairment at 30 September	**(51)**	**–**
Carrying amount at 30 September	**31,377**	**1,930**

During the financial year, as part of WS Audiology Group internal reorganisation exercise, the Company acquired 100% interest in its related entities Sivantos Holding Singapore Pte Ltd and Sivantos Pte. Ltd. from its parent company at book value of DKK 8,937 million and DKK 19,939 million respectively. The consideration was made against a loan from the parent company included in intragroup debt.

Accounting policies

A subsidiary is an enterprise in which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Investments in subsidiaries is stated at cost less any impairment in net recoverable value that has been recognized in the income statement. Investments in subsidiaries are assessed for impairment at each reporting date.

In determining whether investments in subsidiaries are impaired, the Company evaluates the market and economic environment in which each subsidiary operates and its economic performance to determine if indicators of impairment exist. Where such indicator exists, the subsidiary's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Recoverable amount is defined as the higher of fair value less cost to sell and its value-in-use.

5.6 Investments in subsidiaries (cont'd)

Significant judgments and accounting estimates

The recoverable amount of each CGU to which each subsidiary belong was tested on the basis of fair value less costs to sell. The fair value less cost to sell was determined mainly by computing the Enterprise Value ("EV").

The EV was estimated as of 30 September 2023 by taking the market capitalization of a comparable peer group, adjusted for the most updated balance sheet numbers of interest-bearing debt and other liabilities with the carrying amounts. The estimated EV was then compared with the respective consensus EBITDA to derive multiple, taking into account an illiquidity discount and control premium.

The Company applied the EV/EBITDA multiple to the adjusted consensus EBITDA of each CGU and recognized impairment loss where carrying amount exceeds recoverable amount.

Key assumptions used in the determination of the fair value less costs to sell are consensus EBITDA for the comparable companies as well as for each CGU. Furthermore, in using the market-based EV/EBITDA multiple models, the Company has applied relevant illiquidity discounts and control premiums to reflect the ownership structure of the Company. The adjusted consensus EBITDA is based on management's best estimates for the coming year. All the above inputs are level 3 input factors according to the fair value hierarchy.

As of 30 September 2023, the market EV/EBITDA multiple applied is 17.9.

For the Brazilian subsidiaries, the recoverable amount of each CGU was estimated based on the present value of the future cash flows that management expects to be derived from the CGU (value in use), using a pre-tax discount rate of 17% and a terminal value growth rate of 5% from 2029. The recoverable amounts of the CGUs were estimated to be higher than its carrying amount and no impairment was required.

5.6 Investments in subsidiaries (cont'd)

List of Widex A/S' subsidiaries:

Company	Country	30 Sept. 2023 Equity Interest %	30 Sept. 2022 Equity Interest %
Subsidiaries of Widex A/S			
EMEA			
Bloomhearing ApS [2]	Denmark	–	100
WSAUD A/S	Denmark	100	100
WS Audiology Benelux BV	Netherlands	100	100
Widex UK Ltd.	UK	100	100
Widex DK A/S	Denmark	100	100
SAS Clermont Distribution	France	100	100
Balet Dominique Laboratoire de Correction Auditive SARL	France	100	–
Audition Balet Libourne SARL	France	100	–
Saint-Etienne Audition	France	100	–
SAS Clarte Audition[3]	France	–	100
Widex S.A.S	France	100	100
Bloom Hearing Specialists Ltd.	UK	100	100
Bonavox Limited	Ireland	100	100
WS Audiology Chile SpA	Chile	100	100
Widex Uruguay	Uruguay	51	51
COW-Audición en Alta Definición S.A. de C.V	Mexico	100	100
Widex Argentina S.A	Argentina	51	51
Centro Auditivo Widex Brasitom Ltda	Brazil	100	100
Communicare Aparelhos Auditivos Ltda	Brazil	100	100
WS Audiology Solucuoes Auditiva Ltd.	Brazil	100	100
Centro Auditivo Audibel Importacao E Exportacao Ltda[4]	Brazil	–	100
Qualiaudio Comercio e Distribuicao Ltda	Brazil	100	–
Bloom Hörakustik AG *(dormant)*	Switzerland	100	100
WS Audiology Switzerland AG	Switzerland	100	100
Widex Hörgeräte GmbH	Germany	100	100
Widex AB	Sweden	100	100
Widex OOO LLC *(dormant)*	Russia	100	100
Widex Norge AS	Norway	100	100
Widex-Reabilitacão Auditiva Lda.	Portugal	100	100
WSA Portugal S.A.	Portugal	100	100
WSA Rus LLC	Russia	100	100
Widex Akustik OY	Finland	100	100
Widex Line s.r.o	Czech Republic	100	100
Widex Poland Sp. Z.o.o	Poland	60	60
Widex Tibbi ve Teknik Chihazlar San.ve Tic. AŞ	Turkey	100	100
Widex Trading d.o.o Ljubljana	Slovenia	60	60
Slušni Aparati d.o.o. Widex Ljubljana	Slovenia	84	84
WS Audiology-H Kft	Hungary	100	100
Audiofon Kft	Hungary	100	100
Widex Italia s.r.l.	Italy	100	100
WS Audiology Slovakia s.r.o	Slovakia	100	100
Widex Slušni Aparati d.o.o.	Bosnia	60	60
ReOton Ltd	Ukraine	100	100
Koalys Technologies Ltd	Israel	100	100
Shoebox France SARL	France	100	100
Koalys Poland Sp z.oo	Poland	100	100
Widex Regional Operation Center EMEA *(under liquidation)*	Poland	100	100
WS Audiology Austria GmbH	Austria	100	–

5.6 Investments in subsidiaries (cont'd)

Company	Country	30 Sept. 2023 Equity Interest %	30 Sept. 2022 Equity Interest %
Subsidiaries of Widex A/S (cont'd)			
APAC			
Sivantos Holding Singapore Pte. Ltd. [1]	Singapore	100	–
Sivantos Pte. Ltd. [1]	Singapore	100	–
Widex Hearing Aid Sdn Bhd	Malaysia	100	100
Widex Singapore Pte Ltd	Singapore	100	100
Bloom Hearing Co. Ltd.	Japan	100	100
Widex Co. Ltd.	Japan	100	100
Widex Hearing Aid (Shanghai) Co. Ltd.	China	100	100
Zhejiang Longkang Medical Equipment Co. Ltd.	China	51	51
Hangzhou Miaoyin Medical Equipment Co. Ltd	China	51	51
Hangzhou V Hearing Medical Equipment Co. Ltd.	China	51	51
Hong Kong V Hearing Trading Co. Ltd [5]	Hong Kong	–	51
Suzhou FenBei Medical Equipment Co. Ltd.	China	51	51
Widex India Private Ltd.	India	100	100
Widex Australia Pty. Ltd.	Australia	100	100
Active Hearing Pty. Ltd.	Australia	100	100
Hearclear Audiology Pty. Ltd.	Australia	100	100
Hutchinson Audiology Clinics Pty Ltd	Australia	100	100
Bloom Hearing Ltd.	New Zealand	100	100
Widex Hong Kong Hearing & Speech Centre Ltd.	Hong Kong	100	100
Starry Hearing & Speech Centre Ltd.	Hong Kong	65	65
Americas			
TW Company Canada Ltd.	Canada	100	100
Lifestyle Hearing Corporation Inc.	Canada	100	100
Lifestyle Hearing Network Inc. [8]	Canada	–	100
Helix Hearing Inc. [8]	Canada	100	100
Helix Service Corporation Inc. [8]	Canada	–	100
Manji Nicholaou Audiology Inc. [8]	Canada	–	100
Lifestyle Hearing Corporation USA Inc.	USA	100	100
Audiology Management Company Inc. [6]	USA	–	100
Helix Hearing Care (California) Inc.	USA	100	100
My Hearing Centers LLC	USA	100	100
Hear Again Hearing Aids LLC.	USA	100	60
Helix Hearing Care Naples LLC	USA	60	60
The Hearing Center at ENTA LLC	USA	60	60
Medical Hearing Systems LLC	USA	70	70
Widex Government Services LLC	USA	100	–
Widex USA Inc.	USA	100	100

5.6 Investments in subsidiaries (cont'd)

Company	Country	30 Sept. 2023 Equity Interest %	30 Sept. 2022 Equity Interest %
Subsidiaries of Sivantos Pte. Ltd.			
EMEA			
Sivantos Holding Germany GmbH	Germany	100	–
Sivantos A/S	Denmark	100	–
Oorwerk B.V.	Netherlands	100	–
Oorwerk den Haag B.V. *(under liquidation)*	Netherlands	100	–
Hoortechnish Centrum Schagen B.V *(under liquidation)*	Netherlands	100	–
Sivantos Isitme Cihazlari Sanayi Ve Ticaret A.S.	Turkey	100	–
Sivantos Europe GmbH *(under liquidation)*	Germany	100	–
Bloom Hörakustik GmbH	Austria	100	–
WS Audiology Spain S.A.	Spain	100	–
Sivantos (RUS) LLC *(dormant)*	Russia	100	–
Biotone Technologie SAS	France	100	–
WS Audiology South Africa Pty Ltd	South-Africa	100	–
APAC			
Sivantos K.K.	Japan	100	–
Hearing Express K.K.	Japan	100	–
WS Audiology Korea Limited	Korea	100	–
WS Audiology Philippines Corp.	Philippines	100	–
WS Audiology SEA Pte. Ltd.	Singapore	100	–
Americas			
WS Audiology Mexico S.A. de C.V.	Mexico	100	–
Shoebox Ltd.	Canada	100	–
Subsidiaries of Sivantos Holding Germany GmbH			
Sivantos GmbH	Germany	100	–
Subsidiaries of Sivantos GmbH			
EMEA			
AS-AUDIO SERVICE GmbH	Germany	100	–
Signia GmbH	Germany	100	–
Sivantos Kft. *(under liquidation)*	Hungary	100	–
Sivantos AS	Norway	100	–
Sivantos s.r.o	Czech Republic	100	–
Sivantos Sp. z o.o.	Poland	100	–
Sivantos S.r.l	Italy	100	–
Signia S.A.S.	France	100	–
WS Audiology Limited	UK	100	–

5.6 Investments in subsidiaries (cont'd)

Company	Country	30 Sept. 2023 Equity Interest %	30 Sept. 2022 Equity Interest %
Subsidiaries of Sivantos GmbH (cont'd)			
Americas			
WS Audiology USA, Inc. *(formerly Sivantos, Inc.)*	USA	100	–
Audiology Distribution, LLC	USA	100	–
HearX West, LLC	USA	50	–
HearX West, Inc.	USA	50	–
HearUSA IPA, Inc.	USA	100	–
WS Audiology Canada Inc	Canada	100	–
TruHearing, Inc.	USA	100	–
TruHearing IPA LLC	USA	100	–
Hearing Care Solutions, Inc	USA	100	–
Hear in America LLC	USA	100	–
MEDPlus Health Solutions LLC [7]	USA	–	–
APAC			
Sivantos (Suzhou) Co. Ltd.	China	100	–
Sivantos India Pvt. Ltd	India	100	–
WS Audiology ANZ Pty Ltd	Australia	100	–

[1] Sivantos Holding Singapore Pte. Ltd. and Sivantos Pte. Ltd. were transferred to Widex A/S as part of WS Audiology Company internal reorganization during 2022/23.

[2] Bloomhearing ApS was dissolved during 2022/23.

[3] SAS Clarte Audition was merged into SAS Clermont Distribution during 2022/23.

[4] Centro Auditivo Audibel Importacao E Exportacao Ltda was merged into WS Audiology Solucoes Auditiva Ltd during 2022/23.

[5] Hong Kong V Hearing Trading Co. Ltd was deregistered during 2022/23.

[6] Audiology Management Company Inc. was merged into Lifestyle Hearing Corporation USA, Inc. during 2022/23.

[7] MEDPlus Health Solutions LLC. was merged into Audiology Distribution, LLC during 2022/23.

[8] Lifestyle Hearing Network Inc., Helix Service Corporation Inc. and Manji Nicholaou Audiology Inc. were merged into Helix Hearing Inc. during 2022/23.

5.7 Significant events after balance sheet date

On 25 October 2023, the Company undertook a capital reduction in Sivantos Holding Singapore Pte Ltd ("Sivantos Holding") in which the parties agreed to fully settle the dividend amounting to EUR 1,037 million (equivalent to DKK 7,733 million) by way of set-off against loan due to Sivantos Holding of EUR 1,009 million (equivalent to DKK 7,523) and payables due to Sivantos Holding of EUR 28 million (equivalent to DKK 210 million).

5.8 Group conditions

Name and residents of the parent company, who prepares the consolidated financial statements for the smallest group:

Company	Address	Country	CVR no.
WS Audiology A/S	Nymøllevej 6, 3540 Lynge	Denmark	40296638

Name and residents of the parent company, who prepares the consolidated financial statements for the largest group:

Company	Address	Country	CVR no.
T&W Medical A/S	Nymøllevej 6, 3540 Lynge	Denmark	28511809