

Advanced Bionics Denmark ApS

Høffdingsvej 34
2500 Valby
Denmark

CVR no. 37 57 64 92

Annual report 2021/22

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

13 September 2022

Jens Arne Henriksen

Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Advanced Bionics Denmark ApS for the financial year 1 April 2021 – 31 March 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 – 31 March 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 13 September 2022
Executive Board:

Jens Arne Lanng Henriksen
Managing Director

Board of Directors:

Tiziano Caldera
Chairman

Jens Arne Lanng Henriksen

Marta Metelo de Carvalho
Neto

Independent auditor's report

To the shareholder of Advanced Bionics Denmark ApS

Opinion

We have audited the financial statements of Advanced Bionics Denmark ApS for the financial year 1 April 2021 – 31 March 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 – 31 March 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

Independence

We are independent of the Company 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.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Frederiksberg, 13 September 2022

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Kim Thomsen
State Authorised
Public Accountant
mne26736

Advanced Bionics Denmark ApS
Annual report 2021/22
CVR no. 37 57 64 92

Management's review

Company details

Advanced Bionics Denmark ApS
Høffdingsvej 34
2500 Valby
Denmark

CVR no.:	37 57 64 92
Established:	22 March 2016
Registered office:	Copenhagen
Financial year:	1 April – 31 March

Board of Directors

Tiziano Caldera, Chairman
Jens Arne Lanng Henriksen
Marta Metelo de Carvalho Neto

Executive Board

Jens Arne Lanng Henriksen, Managing Director

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Management's review

Operating review

Principal activities

The Company's main activity is sales of electronic equipment and related services.

Development in activities and financial position

The Company's income statement for 2021/22 shows a profit of DKK 3,536,162 as against DKK 327,245 in 2020/21. The growth in profit is due to a combination of significant increase in sales activity from new products and reduction of operating expenses due to organization change. Equity in the Company's balance sheet at 31 March 2022 stood at DKK 4,201,651 as against DKK 665,489 at 31 March 2021.

Events after the balance sheet date

No events after the balance sheet data have occurred which materially affected the Company's position.

Financial statements 1 April – 31 March

Income statement

DKK	Note	2021/22	2020/21
Gross profit	2	8,076,104	5,724,105
Staff costs	3	-3,486,469	-5,255,951
Depreciation, amortisation and impairment losses		-54,749	-48,463
Profit before financial income and expenses		4,534,886	419,691
Other financial income		0	190
Profit before tax		4,534,886	419,881
Tax on profit for the year		-998,724	-92,636
Profit for the year		3,536,162	327,245
Proposed profit appropriation			
Retained earnings		3,536,162	327,245
		3,536,162	327,245

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment			
Plant and machinery		90,051	41,523
Leasehold improvements		22,236	26,450
		<u>112,287</u>	<u>67,973</u>
Investments			
Deposits		66,228	63,550
Total fixed assets		<u>178,515</u>	<u>131,523</u>
Current assets			
Inventories			
Finished goods and goods for resale		1,242,714	1,266,763
Receivables			
Trade receivables		312,775	838,778
Receivables from group entities		7,272,829	3,992,171
Deferred tax asset		38,634	141,364
Prepayments		63,563	27,805
		<u>7,687,801</u>	<u>5,000,118</u>
Total current assets		<u>8,930,515</u>	<u>6,266,881</u>
TOTAL ASSETS		<u><u>9,109,030</u></u>	<u><u>6,398,404</u></u>

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Share premium		1,600,000	1,600,000
Retained earnings		<u>2,101,651</u>	<u>-1,434,511</u>
Total equity		<u>4,201,651</u>	<u>665,489</u>
Liabilities			
Non-current liabilities			
Other payables		<u>0</u>	<u>419,544</u>
Current liabilities			
Prepayments received from customers		2,892,755	78,107
Trade payables		226,416	114,185
Payables to group entities		0	1,448,271
Other payables		<u>1,788,208</u>	<u>3,672,808</u>
		<u>4,907,379</u>	<u>5,313,371</u>
Total liabilities		<u>4,907,379</u>	<u>5,732,915</u>
TOTAL EQUITY AND LIABILITIES		<u>9,109,030</u>	<u>6,398,404</u>
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Financial statements 1 April – 31 March

Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 April 2021	500,000	1,600,000	-1,434,511	665,489
Transferred over the profit appropriation	0	0	3,536,162	3,536,162
Equity at 31 March 2022	500,000	1,600,000	2,101,651	4,201,651

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of Advanced Bionics Denmark ApS for 2021/22 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including Covid-19 compensation.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Financial income

Financial income comprise interest income as well as refunds under the on-account tax scheme, etc.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Sonova Denmark A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Plant and machinery and leaseholds improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	3 years
Leasehold improvements	5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The Company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value

In order to meet expected losses, impairment takes place at the net realisable value. The Company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the Company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Financial statements 1 April – 31 March

Notes

2 Special item

Gross profit includes special items comprising compensation under COVID-19 government aid packages of DKK 0 (2020/21: DKK 408.086)

3 Staff costs

DKK	2021/22	2020/21
Wages and salaries	3,216,376	4,864,493
Pensions	214,696	311,015
Other social security costs	55,397	80,443
	<u>3,486,469</u>	<u>5,255,951</u>
Average number of full-time employees	<u>5</u>	<u>5</u>

4 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has issued a Prepayment Guarantee against customer amounting to DKK 4.000.000,- that will expire by the end of the Calendar Year 2022.

Joint taxation

With Sonova Denmark A/S, company reg. no 10317487 as administration company, the Company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The Company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the Company's liabilities.

Financial statements 1 April – 31 March

Notes

5 Related party disclosures

Controlling interest

Advanced Bionics AG, Laubisrütistrasse 28, 8712 Stäfa, Switzerland is majority shareholder.

Consolidated financial statements

The Company is included in the Group Annual Report of the Parent Company Sonova Holding AG.

The Group Annual Report of Sonova Holding AG may be obtained at the following address:

Sonova Holding AG
Laubisrütisstrasse 28
8712 Stäfa
Switzerland

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Jens Arne Lanng Henriksen

Client Signer

On behalf of: Advanced Bionics Denmark ApS
Serial number: PID:9208-2002-2-368928371793
IP: 94.18.xxx.xxx
2022-09-13 07:17:09 UTC

NEM ID 

Marta de Calvalho Neto

Client Signer

On behalf of: Advanced Bionics Denmark ApS
Serial number: marta.neto@advancedbionics.com
IP: 145.224.xxx.xxx
2022-09-13 07:26:08 UTC



Tiziano Caldera

Client Signer

On behalf of: Advanced Bionics Denmark ApS
Serial number: tiziano.caldera@advancedbionics.com
IP: 188.62.xxx.xxx
2022-09-13 20:34:28 UTC



Kim Thomsen

EY Signer

On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:1267450293561
IP: 212.237.xxx.xxx
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