Auditdata A/S

Wildersgade 10, DK-1408 Copenhagen

Annual Report for 1 January - 31 December 2022

CVR No 29 52 65 32

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2023

Martin Connie Pinborg
Chairman of the General Meeting

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Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Auditdata A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 30 June 2023

Executive Board

Kurt Groth Bager CEO	Martin Connie Pinborg Executive Officer

Board of Directors

Lars Rahbæk Boilesen Chairman	Claus Bak Petersen	Morten Grube Weicher
Lars Christian Lunde		

Independent Auditor's Report

To the Shareholders of Auditdata A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Auditdata A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and 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 Group or 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the 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.

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

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

Hellerup, 30 June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen state authorized public accountant mne33226	Martin Lunden state authorized public accountant mne32209

Company Information

The Company	Auditdata A/S Wildersgade 10 DK-1408 Copenhagen Telephone: + 45 40 51 87 85 Facsimile: + 45 63 60 40 61 CVR No: 29 52 65 32 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Lars Rahbæk Boilesen, Chairman Claus Bak Petersen Morten Grube Weicher Lars Christian Lunde
Executive Board	Kurt Groth Bager Martin Connie Pinborg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Result before depreciations	20.196	10.626	17.158	11.932	13.707
Operating profit/loss	4.598	-1.827	4.900	3.196	4.781
Profit/loss before financial income and expenses	4.598	-1.827	6.613	3.196	4.781
Net financials	-1.836	-741	-5.024	-2.458	-1.365
Net profit/loss for the year	1.894	-2.385	1.378	36	2.098
Balance sheet					
Balance sheet total	127.857	107.253	99.644	89.636	77.948
Equity	12.980	10.864	14.093	6.791	8.154
Cash flows					
Cash flows from:					
- operating activities	14.533	14.313	16.755	13.167	7.788
- investing activities	-28.054	-20.053	-17.014	-22.655	-12.352
including investment in property, plant and equipment	-1.427	-2.036	-1.083	-2.524	-524
- financing activities	13.010	4.693	6.253	7.430	4.428
Change in cash and cash equivalents for the year	-511	-1.047	5.994	-2.058	-136
Number of employees	125	116	98	89	82
Ratios					
Return on assets	3,6%	-1,7%	6,6%	3,6%	6,1%
Solvency ratio	10,2%	10,1%	14,1%	7,6%	10,5%
Return on equity	15,9%	-19,1%	13,2%	0,5%	24,4%

Management’s Review

Key activities

Auditdata is a leading independent provider of audiology solutions. The Company develops and sells software (SaaS and perpetual licence based) and software powered hardware primarily for the audiology industry, both private and public. Its products are focused with Office Management Systems and instruments for audiologists, and focus around improving the patient care experience.

Market overview

Auditdata distributes its products globally through direct and indirect channels.

Development in the year

2022 was a year characterised by further post-Covid normalisation in the audiology market. In the year Auditdata executed on its growth strategy and gained market share in our core markets. The company also gained market share globally within private audiology clinics. Within hospitals, Audidata focused on upgrading Hospitals to a newer version of office management systems.

The positive development has resulted in a significant increase in revenue from the company's sales of clinical equipment and subscription based software solutions.

The Group's income statement for 2022 shows a profit before depreciation and amortisation of TDKK 20,196. The Group’s balance sheet shows equity of TDKK 12,980.

The past year and follow-up on development expectations from last year

The results for the year were slightly below the guidance given last year. Management finds the result to be satisfactory.

Capital resources

The Group has received commitments for a renewal of loans, which is why the capital resources are considered to be adequate for the following financial year.

Operating risks and financial risks

Foreign exchange risks

Foreign exchange risks relating to investments in foreign subsidiaries are not hedged.

Targets and expectations for the year ahead

The Company expects continued growth in the sale of our products, particularly to the private retail sector. Management expects a profit before depreciation and amortisation for 2022 in to end in the range amount of TDKK 20,000 to TDKK 30,000,

Management's Review

Research and development

To support the expected growth, we expect to continue our investments in the development of new products in the years to come.

External environment

As the Group does not produce hardware but buys it from subcontractors, the impact on the external environment is very limited.

Intellectual capital resources

The Company's knowledge resources are crucial to the future earnings, which is why supplementary education and practical training of employees are essential for the Group.

Uncertainty relating to recognition and measurement

No uncertainty has been involved in the recognition and measurement of the Financial Statements for the period from 1 January 2022 to 31 December 2022.

Unusual events

No unusual circumstances have occurred in the financial year, apart from those already addressed in the Review.

Subsequent events

In May 2023 the company has refinanced its debt financing with a new term facility, which runs to 2029. With the new financing in place the company has the financial resources in place to execute on the growth strategy for 2023 and 2024.

Income Statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent 2022 TDKK	Parent 2021 TDKK
Gross profit/loss		**74.199**	**67.262**	**63.078**	**41.082**
Staff expenses	3	-54.003	-56.636	-41.379	-32.716
Result before depreciations		**20.196**	**10.626**	**21.699**	**8.366**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-15.598	-12.453	-11.415	-8.672
Profit/loss before financial income and expenses		**4.598**	**-1.827**	**10.284**	**-306**
Income from investments in subsidiaries		0	0	-5.801	-3.056
Financial income	5	1.152	1.805	1.024	817
Financial expenses	6	-2.988	-2.546	-2.967	-520
Profit/loss before tax		**2.762**	**-2.568**	**2.540**	**-3.065**
Tax on profit/loss for the year	7	-868	183	-645	680
Net profit/loss for the year		**1.894**	**-2.385**	**1.895**	**-2.385**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Completed development projects		45.843	26.391	40.800	19.587
Customer relations		2.171	2.652	0	0
Acquired other similar rights		627	855	627	855
Goodwill		9.626	11.348	0	0
Development projects in progress		9.776	14.690	9.776	14.690
Intangible assets	8	**68.043**	**55.936**	**51.203**	**35.132**
Other fixtures and fittings, tools and equipment		3.348	3.360	2.027	2.400
Property, plant and equipment	9	**3.348**	**3.360**	**2.027**	**2.400**
Investments in subsidiaries	10	0	0	16.016	18.089
Deposits	11	487	469	487	469
Fixed asset investments		**487**	**469**	**16.503**	**18.558**
Fixed assets		**71.878**	**59.765**	**69.733**	**56.090**
Inventories		**3.181**	**2.605**	**2.074**	**1.588**
Trade receivables		37.177	30.539	22.416	20.422
Receivables from group enterprises		0	0	6.019	10.619
Other receivables		1.979	6	1.537	0
Corporation tax		3.179	2.827	3.179	2.796
Prepayments	12	2.289	2.826	1.490	992
Receivables		**44.624**	**36.198**	**34.641**	**34.829**
Cash at bank and in hand		**8.174**	**8.685**	**5.548**	**4.679**
Currents assets		**55.979**	**47.488**	**42.263**	**41.096**
Assets		**127.857**	**107.253**	**111.996**	**97.186**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital		1.513	1.505	1.513	1.504
Reserve for development costs		0	0	39.448	26.737
Reserve for exchange rate conversion		0	0	-1.189	-877
Retained earnings		11.467	9.359	-26.791	-16.501
Equity		**12.980**	**10.864**	**12.981**	**10.863**
Provision for deferred tax	14	8.291	4.541	8.291	4.541
Provisions relating to investments in group enterprises		0	0	426	0
Provisions		**8.291**	**4.541**	**8.717**	**4.541**
Payables to owners and Management		29.000	29.000	29.000	29.000
Other payables		268	2.620	268	2.620
Long-term debt	15	**29.268**	**31.620**	**29.268**	**31.620**
Credit institutions		27.749	23.276	27.749	23.276
Prepayments received from customers		26	0	26	0
Trade payables		12.656	5.949	9.293	7.136
Payables to group enterprises		0	0	1.828	1.083
Payables to owners and Management	15	4.000	0	4.000	0
Other payables	15	5.522	9.368	5.071	6.151
Deferred income	16	27.365	21.635	13.063	12.516
Short-term debt		**77.318**	**60.228**	**61.030**	**50.162**
Debt		**106.586**	**91.848**	**90.298**	**81.782**
Liabilities and equity		**127.857**	**107.253**	**111.996**	**97.186**

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Balance Sheet 31 December

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.504	0	0	9.359	10.863
Exchange adjustments	0	0	0	-312	-312
Cash capital increase	9	0	0	1.391	1.400
Other equity movements	0	0	0	-865	-865
Net profit/loss for the year	0	0	0	1.894	1.894
Equity at 31 December	**1.513**	**0**	**0**	**11.467**	**12.980**

Parent

	Share capital	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	1.504	26.736	-877	-16.500	10.863
Cash capital increase	9	0	0	1.391	1.400
Exchange adjustments relating to foreign entities	0	0	-312	0	-312
Other equity movements	0	0	0	-865	-865
Development costs for the year	0	20.755	0	-20.755	0
Depreciation, amortisation and impairment for the year	0	-8.043	0	8.043	0
Net profit/loss for the year	0	0	0	1.895	1.895
Equity at 31 December	**1.513**	**39.448**	**-1.189**	**-26.791**	**12.981**

The Company issues warrants to key employees entitling them to subscribe for B shares in the Company. The total value of issued warrants is DKK TDKK 1,224.

Warrants can only be exercised in connection with a sale of the Company, an IPO, etc. (exit event) and are conditional upon the employees being employed by the Company at that time. In addition, it is a prerequisite that, on exit, an average annual return has been achieved that exceeds a level stipulated in the agreements (hurdle rate). The exercise price is generally a price established at the time of issuance plus 10% p.a. Employees have paid a price for the warrants equal to the estimated fair value at the time of granting.

Cash Flow Statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK
Net profit/loss for the year		1.894	-2.385
Adjustments	17	18.302	13.406
Change in working capital	18	-6.355	4.897
Cash flows from operating activities before financial income and expenses		**13.841**	**15.918**
Financial income		1.152	115
Financial expenses		-2.990	-2.546
Cash flows from ordinary activities		**12.003**	**13.487**
Corporation tax paid		2.530	826
Cash flows from operating activities		**14.533**	**14.313**
Purchase of intangible assets		-26.609	-17.973
Purchase of property, plant and equipment		-1.427	-2.036
Fixed asset investments made etc		-18	-44
Cash flows from investing activities		**-28.054**	**-20.053**
Repayment of other long-term debt		4.000	0
Raising of loans from credit institutions		4.475	2.693
Raising of other long-term debt		4.000	2.000
Cash capital increase		1.400	0
Other adjustments		-865	0
Cash flows from financing activities		**13.010**	**4.693**
Change in cash and cash equivalents		**-511**	**-1.047**
Cash and cash equivalents at 1 January		8.685	9.732
Cash and cash equivalents at 31 December		**8.174**	**8.685**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8.174	8.685
Cash and cash equivalents at 31 December		**8.174**	**8.685**

Notes to the Financial Statements

1 Capital ressources

As mentioned in note 2 the Company has refinanced its debt financing with a new term facility in April 2023. The Company today has sufficient operating liquidity and have secured additional growth capital if needed, through potential increase in credit lines".

2 Subsequent events

In May 2023 the company has refinanced its debt financing with a new term facility, which runs to 2029. With the new financing in place the company has the financial resources in place to execute on the growth strategy for 2023 and 2024.

3 Staff expenses

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	49.446	52.243	36.822	28.753
Pensions	4.142	4.334	4.142	3.949
Other social security expenses	326	0	326	0
Other staff expenses	89	59	89	14
	54.003	**56.636**	**41.379**	**32.716**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	4.946	5.552	4.946	5.552
Supervisory Board	493	711	493	711
	5.439	**6.263**	**5.439**	**6.263**
Average number of employees	**125**	**116**	**66**	**35**

To read about the Company's incentive programme, please see the description under the statement of changes in equity.

Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	14.278	11.508	10.540	8.090
Depreciation of property, plant and equipment	1.320	945	875	582
	15.598	**12.453**	**11.415**	**8.672**
5 Financial income				
Other financial income	6	0	6	0
Exchange adjustments	1.146	1.805	1.018	817
	1.152	**1.805**	**1.024**	**817**
6 Financial expenses				
Other financial expenses	2.988	2.546	2.967	520
	2.988	**2.546**	**2.967**	**520**
7 Tax on profit/loss for the year				
Current tax for the year	-2.956	-2.299	-3.179	-2.796
Deferred tax for the year	3.750	2.412	3.750	2.116
Adjustment of deferred tax concerning previous years	74	-296	74	0
	868	**-183**	**645**	**-680**

Notes to the Financial Statements

8 Intangible assets

Group

	Completed development projects	Customer relations	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	96.074	4.808	1.140	41.237	14.690
Exchange adjustment	-203	0	0	-240	0
Additions for the year	16.834	0	0	0	9.776
Transfers for the year	14.690	0	0	0	-14.690
Cost at 31 December	127.395	4.808	1.140	40.997	9.776
Impairment losses and amortisation at 1 January	69.683	2.156	285	29.889	0
Exchange adjustment	-156	0	0	-60	0
Amortisation for the year	12.025	481	228	1.542	0
Impairment losses and amortisation at 31 December	81.552	2.637	513	31.371	0
Carrying amount at 31 December	**45.843**	**2.171**	**627**	**9.626**	**9.776**

The development projects completed by the Company concern the development of various types of software and instruments for hearing tests and office management systems. The developed projects are today part of the Company's product portfolio and sold in the present market to existing customers. The development projects in progress concern the development of new versions of software and hardware within all of our categories. The projects are proceeding as planned and are expected to be completed within 1 to 2 years. The projects are progressing according to plan The new products are expected to be sold Company's existing customers through migration from older versions, which has end-of-life, as well as to new customers and in new markets.

Notes to the Financial Statements

8 Intangible assets (continued)

Parent

	Completed development projects	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	83.958	1.140	17.926	14.690
Additions for the year	16.834	0	0	9.776
Transfers for the year	14.690	0	0	-14.690
Cost at 31 December	115.482	1.140	17.926	9.776
Impairment losses and amortisation at 1 January	64.370	285	17.926	0
Amortisation for the year	10.312	228	0	0
Impairment losses and amortisation at 31 December	74.682	513	17.926	0
Carrying amount at 31 December	**40.800**	**627**	**0**	**9.776**

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	9.151
Exchange adjustment	-305
Additions for the year	1.427
Cost at 31 December	10.273
Impairment losses and depreciation at 1 January	5.791
Exchange adjustment	-184
Depreciation for the year	1.318
Impairment losses and depreciation at 31 December	6.925
Carrying amount at 31 December	**3.348**

Notes to the Financial Statements

9 Property, plant and equipment (continued)

Parent

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	5.662
Additions for the year	501
Kostpris at 31 December	6.163
Impairment losses and depreciation at 1 January	3.261
Depreciation for the year	875
Impairment losses and depreciation at 31 December	4.136
Carrying amount at 31 December	**2.027**

Notes to the Financial Statements

	Parent	
	2022	2021
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 1 January	25.809	25.809
Cost at 31 December	25.809	25.809
Value adjustments at 1 January	-27.587	-23.653
Exchange adjustment	-312	-878
Net profit/loss for the year	-4.330	-1.683
Amortisation of goodwill	-1.471	-1.373
Value adjustments at 31 December	-33.700	-27.587
Equity investments with negative net asset value amortised over receivables	23.481	19.867
Equity investments with negative net asset value transferred to provisions	426	0
Carrying amount at 31 December	**16.016**	**18.089**
Remaining positive difference included in the above carrying amount at 31 December	7.969	9.440

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Benoto ApS	Copenhagen	TDKK 125	100%
Auditdata Ukraine TOV	Ukraine	TUAH 4.721	100%
Auditdata North America Inc.	Pensylvania, USA	TUSD 0	100%
Auditdata Ltd.	Middlesex, England	TGBP 25	100%
Auditdata LLC.	Pensylvania, USA	TUSD 1.894	100%
Audidata Inc.	Ontario, Canada	TCAD 21	100%

Notes to the Financial Statements

11 Other fixed asset investments

	Group	Parent
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	468	468
Additions for the year	19	19
Cost at 31 December	487	487
Carrying amount at 31 December	**487**	**487**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums etc.

13 Distribution of profit

	Parent	
	2022	2021
	TDKK	TDKK
Retained earnings	1.895	-2.385
	1.895	**-2.385**

14 Provision for deferred tax

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	4.541	2.119	4.541	2.080
Amounts recognised in the income statement for the year	3.750	2.412	3.750	2.116
Amounts recognised in equity for the year	0	10	0	345
Provision for deferred tax at 31 December	**8.291**	**4.541**	**8.291**	**4.541**

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Payables to owners and Management				
Between 1 and 5 years	29.000	29.000	29.000	29.000
Long-term part	29.000	29.000	29.000	29.000
Other short-term debt to owners and Management	4.000	0	4.000	0
	33.000	**29.000**	**33.000**	**29.000**
Other payables				
Between 1 and 5 years	268	2.620	268	2.620
Long-term part	268	2.620	268	2.620
Other short-term payables	5.522	9.368	5.071	6.151
	5.790	**11.988**	**5.339**	**8.771**

16 Deferred income

Deferred income excist of payments related to income the following year.

Notes to the Financial Statements

	Group 2022	Group 2021
	TDKK	TDKK

17 Cash flow statement - adjustments

	2022 TDKK	2021 TDKK
Financial income	-1.152	-1.805
Financial expenses	2.988	2.546
Depreciation, amortisation and impairment losses, including losses and gains on sales	15.598	12.848
Tax on profit/loss for the year	868	-183
	18.302	**13.406**

18 Cash flow statement - change in working capital

	2022 TDKK	2021 TDKK
Change in inventories	-576	-109
Change in receivables	-8.075	807
Change in trade payables, etc	2.296	4.155
Fair value adjustments of hedging instruments	0	44
	-6.355	**4.897**

	Group 2022	Group 2021	Parent 2022	Parent 2021
	TDKK	TDKK	TDKK	TDKK

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group 2022	Group 2021	Parent 2022	Parent 2021
A company charge totalling TDKK 15.000 serving as a charge in intangible assets and property, plant and equipment, as well as inventories and trade receivables at a total carrying amount of	77.719	59.542	77.719	59.542

Rental and lease obligations

	Group 2022	Group 2021	Parent 2022	Parent 2021
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	13	29	13	29
	13	**29**	**13**	**29**
Rental obligations, non-cancellable period until 30 April 2024	2.728	2.658	2.681	2.595

Other contingent liabilities

The parent company has provided surety for Jyske Bank's balances with the subsidiaries Auditdata Ltd. and Auditdata North America Inc.

The Group’s Danish enterprises are jointly and severally liable for tax on the jointly taxed income, etc., of the Group.The total amount of corporation tax due for the jointly taxed companies constitutes TDKK 0. Moreover, the Danish jointly taxed group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group’s liability.

Notes to the Financial Statements

20 Related parties

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Transactions with related parties take place on an arm's length basis and consist of the purchase of development services, the sale of products, software, etc. for resale, etc.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of Auditdata A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

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

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Auditdata A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

The time of acquisition is the time when the Group obtains control of the entity acquired.

Notes to the Financial Statements

21 Accounting Policies (continued)

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Translation policies

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

21 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Notes to the Financial Statements

21 Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

21 Accounting Policies (continued)

Other operating income and expenses

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

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries directly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recog-

21 Accounting Policies (continued)

nised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalized development costs related to software consists of development of existing software applications. The recognized amount is expected to be recovered by the continuing sales of service subscriptions which include the right to upgrade of the software to the newest versions.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 - 5 years.

Goodwill

Goodwill are measured at cost less accumulated depreciation. Goodwill is amortised on a straight-line basis over the estimated useful life of 5 - 10 years.

Customer relations are measured at cost less accumulated depreciation. Customer relations is amortised on a straight-line basis over the estimated useful life of 5 - 10 years.

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3 - 5	years

Notes to the Financial Statements

21 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

21 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

21 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$