

A close-up portrait of a middle-aged man with grey hair, a beard, and glasses. He is wearing a blue patterned shirt and has an earbud in his left ear. The background is a soft, out-of-focus grey.

audientes

Annual Report 2021

Ven™ ready for sale in India.



Our mission is to make smart, self-fitting and high-quality hearing aids accessible to anyone who needs them.



Table of contents

MANAGEMENT REVIEW

Audientes at a glance	4
2021: A year of substantial progress	6
Letter from the CEO	8
Market update	12
Strategy update	14
2022 Outlook	24
Financial highlights	25
Financial review 2021	26
Risk management	28
Corporate governance	31
Audientes' Quality Policy	32
Board of Directors	33
Management	34
Shareholder information	36

STATEMENTS

Statement by the Board of Directors and Executive Management	38
Independent auditor's report	39

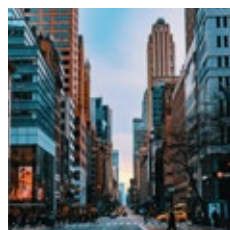
FINANCIAL STATEMENTS

Income statement	42
Balance sheet	43
Statement of changes in equity	44
Cash flow statement	45
Notes	46
Accounting policies	48



From prototype to production

Page 8



The Americas opportunity

Page 10



Bridging online and offline retail

Page 16

Audientes at a glance

Audientes A/S is a Danish technology company specializing in smart, self-fitting and affordable hearing aids. Audientes' unique hearing aid solution, Ven™ by Audientes, is currently being rolled out in the Indian market, before being introduced to the US OTC market and other markets thereafter. Audientes' mission is to help the approximately 500 million people globally suffering from disabling hearing loss who cannot afford to buy one of the very expensive conventional hearing aids on the market.

Audientes A/S is listed on Nasdaq First North Growth Market Denmark and headquartered in Copenhagen, Denmark with a subsidiary in Hyderabad, India.



2014
Founded



8
Partners



150+
Number of
Points of sale



~ 500 million
Global number of people
with disabling hearing loss

About Ven™ by Audientes

Ven is a self-fitting, binaural (both ears) hearing aid intended for people with mild-to-severe hearing loss in one or both ears. With a built-in, industry gold-standard hearing test and Bluetooth capabilities, Ven combines the sound quality of a high-end digital hearing aid with the next-generation features of a modern Bluetooth headset.



¹ World Report on Hearing

Audientes India

Audientes India Pvt. Ltd. was established in June 2021. Located in Hyderabad, it has been spearheading the commercialization of Ven throughout India. The Hyderabad office is the first of several planned regional offices in India, enabling a close dialog with channel partners, industry professionals and consumers.

Through our partnerships, Audientes now has over 150+ points of sale throughout Northern, Southern, Eastern and Western India.

“Opening the doors to our first subsidiary is a significant milestone for Audientes and signals our deep commitment to the Indian market – a market with a huge hearing loss problem to solve, thus an immense growth potential for Audientes to tap while at the same time making a substantial societal impact. This establishment has already strengthened our position and visibility in the market while allowing us to accelerate national and regional business development building closer relationships to key partners. Now, we are ready to sell with the commercial team, and the partner and distribution network poised to bring Ven to Indian consumers.”

Steen Thygesen, CEO, Audientes A/S

Audientes partner and distribution network, India.



2021: A year of substantial progress

Establishing India...



Critical user tests in key Indian cities.



Significant technical and design boost.



India subsidiary established.

Jan

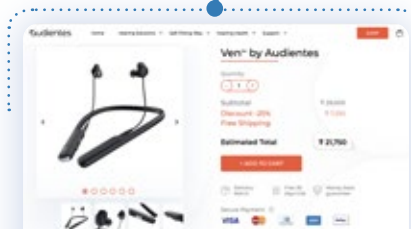
Feb

Mar

Apr

May

Jun



Multi-channel sales platform implementation.



Strengthened Board of Directors.



First partner announced - Hearing Wellness Clinic.

...sales start and mass production



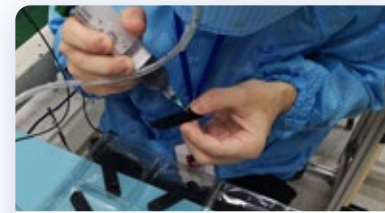
Design freeze and tooling ordered.

Jul



Open for business with pre-ordering. New websites. Customer service launched.

Sep



Ven in production. Partnerships with Aura Hearing and Sravani Hearing Aid Clinic.

Now

Aug

Omni Hearing partnership + Ven naming announced.

Oct

New FDA guidelines announced. Partnership with eShopBox.

Dec

Challas Hearing Care partnership. Buy from your local clinic. Partner Portal launch.

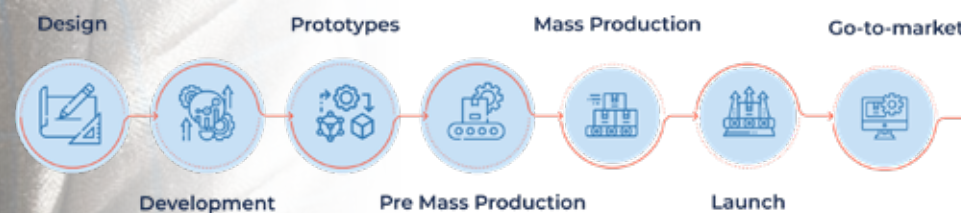
Letter from the CEO

From prototype to mass production

In 2021 we realized the goal of commercializing our self-fitting hearing aid. We exceeded our targets for points of sale by partnering with five professional hearing clinics across India with well over 100 points of sale and have since signed up three additional retail partners in Q1 2022. Products were mass produced in Q4 2021 and we received final market approval in Q1 2022. Sales have begun in India and 2022 bodes very well for Audientes.

2021 was the year when Audientes made the decisive transformation from a solely product development company to both a product development and commercial company.

We went from prototype to mass production. We delivered progress on all fronts, from establishing our new Indian subsidiary and completing market testing, design, and product development, to moving into the production phase and developing our capacity to market and sell our innovative self-fitting hearing aid.



Letter from the CEO

Finalizing Ven

From the outset, our focus for 2021 was the commercialization of our self-fitting hearing aid, and this was successfully accomplished.

In Q1 2021, we completed the final critical user tests in several cities throughout India, enabling us to gather vital user feedback on device performance, as well as on the design and fit.

With this feedback in hand, coupled with the migration to the most recent processor technology, we were able to announce a significant technical boost in March 2021 with an upgraded state-of-the-art Qualcomm system-on-chip architecture, enabling rich new functionality and providing a great platform for our future feature and product roadmap.

In early August, we revealed Ven™ by Audientes – the product name for our first hearing aid, reflecting our Nordic roots.

Making our Indian subsidiary operational

One of the big operational goals of the year was to become established in India to support this very important market directly, and with locally employed staff.

We accomplished this by forming Audientes' Indian subsidiary, Audientes India Pvt. Ltd., with quality office facilities and a customer support center in the HITEC City (Hyderabad Information Technology and Engineering Consultancy City) part of the southern Indian city of Hyderabad.

We have since hired additional local key personnel to staff the local online and retail sales functions, coupled with customer support functions and supply chain management.

In 2022, and as revenue in India grows, we expect to expand the team substantially in the aforementioned areas as well as recruit engineering staff to build up our product development and maintenance functions.

Growing our retail and ecommerce network

In line with our strategy, in 2021 we began the implementation of our cost-effective and agile partner-enabled multichannel sales platform. This paves the way for the marketing and sale of our products and accessories through numerous ecommerce channels using a leading ecommerce ecosystem solution with best-in-class, user experience and payment method support.

Throughout 2021, we invested considerable time and effort in developing our commercial business and completed retail framework agreements with five well known and established hearing health organizations in India (contra a goal of three) thus exceeding the retail presence goal of the year with a partner network spanning Northern, Southern, Eastern and Western India, with 111 points of sale (contra a goal of 70), poised to market and sell the Ven offering.

Now, as Q1 2022 progresses, we have already signed up three further retail partners. We are in a very satisfactory flow.

Entering into mass production

Audientes has been ramping up to mass production since Q4 2021. A critical element of this has been comprehensive product testing and certification of Ven's Bluetooth technology.

Another important milestone came early in 2022 when, in January, we announced that Ven had entered the first phase of mass production and that the first batch of commercially saleable devices had left the production line and were in transit to the Indian market in branded retail-ready packaging.

Production of Ven will, in line with our previously communicated rollout strategy, ramp up to full mass production commencing in Q1, 2022, now that we have secured the final Equipment Type approval from the Indian Ministry of Telecommunications, which is a requirement from the Indian authorities to sell commercially there.

Drawing level with the Corona delay

We had expected to be in mass production in Q4 2021, with initial sales in India, and other selected markets, beginning shortly thereafter. Unfortunately, Audientes was not immune to the impact of the COVID-19 pandemic and the resulting lockdowns in locations that are key to Audientes, such as India and China. Naturally, these lockdowns have had a delaying effect on our go-to-market plans, but mass production is now happening in Q1 2022, one quarter later than expected.

As previously announced, we are still confident in making up our sales numbers in 2022. This is primarily because we have primed our sales channels, both online and offline, where we now have over 150 points of sale spanning India as well as a healthy number of retail partners eagerly awaiting Ven to move forward with their marketing and sales campaigns.

We have a compelling offering

We have no doubt that 2022 will be an exciting year for Audientes as we enter the Indian and American markets with a compelling offering and begin our revenue-generating journey.

To realize the true potential of Ven in the market, a further capital raise in 2022 will be needed to invest adequately in this next phase of growth as well as in the future products we are planning to develop and market the coming years.

On behalf of the management team, I would like to thank our business partners and shareholders for their continued trust in Audientes.

Steen Thygesen, CEO

NEW MARKETS

The Americas opportunity

TODAY

217 million

people in the Americas region live with hearing loss.

BY 2050

322 million

people are projected to have problems with their hearing.

COST

USD 262 billion


Hearing loss is expensive and costs the region USD 262 billion annually.

The region of the Americas presents a massive opportunity for Audientes with over 217 million people currently living with hearing loss. By 2050, the WHO predicts that number to rise to 322 million.¹

In the US alone, the number of people who could benefit from wearing a hearing aid is 28.8 million.

However, while hearing aid sales in the US topped over 4.2 million units in 2019, that number has decreased in 2020 during the pandemic due to closed clinics and the relatively short recession which followed that year, but bounced back in 2021 to 4.73 million units, an increase of 36.6% over 2020.²

¹World Report on Hearing. ²hearingreview.com



The majority of people with hearing loss do not have access to affordable solutions.

Expanding access to hearing care services requires investment.

Likewise in Brazil, 14% of the population (28 million) suffer from hearing loss with only an estimated 5% of these using a hearing aid today. The opportunity for Audientes in countries such as the US and Brazil is immense where the need is great but hearing aid uptake is low due to price and accessibility factors.

*Source:WHO

With an immediate focus on the US market, coupled with new OTC legislation there, Audientes is poised to harness this new market opportunity with the planned introduction of our hearing aids there in 2023, followed by other markets, e.g., Brazil.

Market update

Disabling hearing loss affects a huge, underserved group of people globally

Today, one in five people globally live with hearing loss. By 2050, one in four people are projected to have problems with their hearing. Most of these are elderly people, and according to the WHO's 2021 World Report on Hearing ¹, today 80% of people with hearing loss reside in low- and middle-income countries and currently do not have access to a solution.

A breakdown of the one in five people globally shows that barely 10% stem from high-income countries (North America, Europe, Japan, Australia, and New Zealand), with approximately 14% from Africa, 9% from Latin America, 7% from Central and Eastern Europe with the remaining – approximately 232 million or 60% – stemming from Asia, with China and India holding the dominant share ².

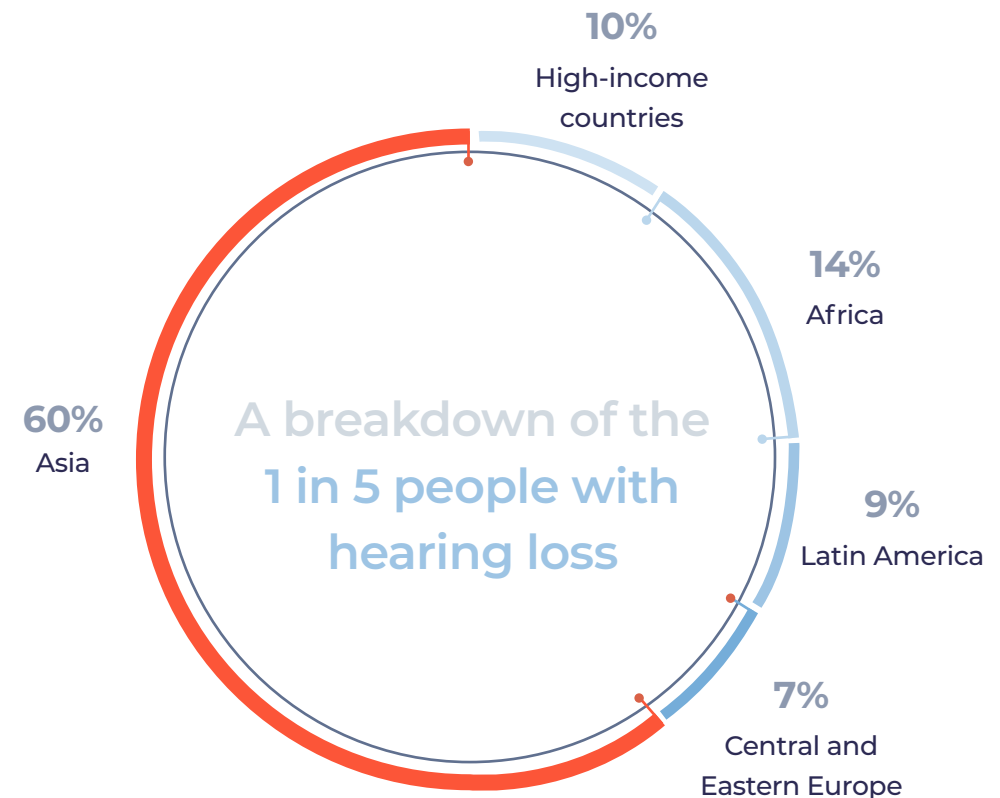
It is within the regions of The Americas and Asia that Audientes is determined to drive a significant shift in how people with disabling hearing loss can gain access to affordable, quality solutions that they can use “off the shelf,” even when they do not have access to a hearing care professional.

Disrupting the conventional hearing aid market

Audientes aims to disrupt and expand the traditional hearing aid market by addressing the fundamental reasons why millions of people around the world do not get treatment for their hearing loss.

Audientes self-fitting hearing aid is a ready to use, ‘all-in-one’ solution - leveraging ecommerce and OTC (over the-counter) channels, in unison with specialist hearing aid retail sales channels, to challenge the complexity and cost of existing offerings, and to improve access to quality hearing solutions that are both easy to use and maintain.

Our primary customer segment is people with mild-to-severe hearing loss in need of an affordable quality product. It is precisely in this product category, where the penetration of traditional hearing aids is low, compared to the size of the population with hearing loss, where people could benefit from a hearing aid.



¹Gartner

²WHO

Advanced hearables – a new growth market

Audientes operates in the rapidly-growing market for user-friendly, smart hearing devices – so-called “advanced hearables.” These advanced hearables are the new ear-worn devices – some of which include hearing aid functionality and more – that are emerging from the existing MedTech and ConsumerTech sectors. Our differentiator is that we create advanced hearables of a medical grade-quality, sold at consumer device prices.

Audientes believes this market opportunity arises at the intersection of two adjacent markets, the USD 6 billion¹ medical grade hearing aid market and the many times larger, and highly competitive, market for consumer electronics devices incl. Bluetooth wireless headphones, voice assistants, and so on.

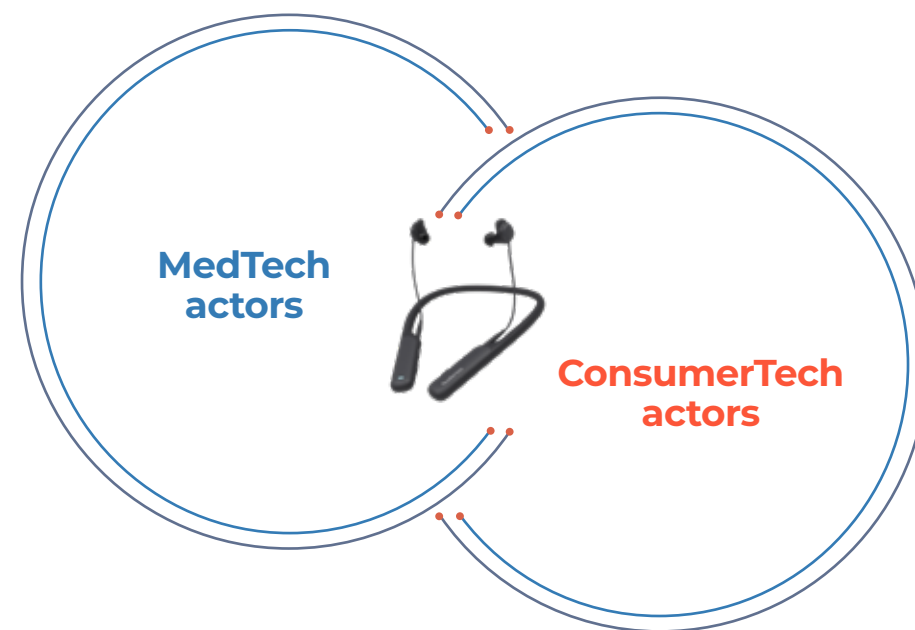
The estimated size of the classic hearing aid market in terms of units shipped annually is averaging USD 17-18 million according to the European Hearing Instrument Manufacturers Association (EHIMA).² It consists of a handful of large actors who provide a variety of quality so-called medical grade hearing aid solutions, primarily for disabling hearing loss and at high price points, ranging from USD 400 to USD 3,000 per hearing aid. There is also a ‘long tail’

in this market, which consists of many much smaller – and often national – players, offering less sophisticated products at lower price points and with lower quality.

Consequently, high-end hearing aid market competitors are experiencing disruption from the bottom up due to players in the consumer electronics field now offering “advanced hearables” i.e., ear-worn devices, in a variety of shapes and sizes and with rich functionality, which is widely expected to exceed the size of the conventional hearing aid market many times in terms of both annual units shipped and overall market value.

According to data from Gartner³, spending on ear-worn devices was forecasted to reach USD 39.2 billion in 2021 and will amount to USD 44.2 billion in 2022. This global market is a subset of the end-user spending on wearable devices, which is estimated to amount to approximately USD 81.5 billion in 2021, with forecasts suggesting that the spending will reach more than 90 billion dollars by 2022. Ear-worn devices, smartwatches, and head-mounted displays are the products leading the growth of the market, with a growth rate 2-3 times that of the classic hearing aid market (which enjoys a 2-4% annual growth rate).

Audientes is positioned at the intersection of two adjacent markets: the ConsumerTech market for consumer electronics devices, including Bluetooth wireless headphones, voice assistants, etc., and the MedTech market for medical grade hearing aids.



¹Demant

²EHIMA

³Gartner

Strategy update

Progressing on our 5-year strategy plan

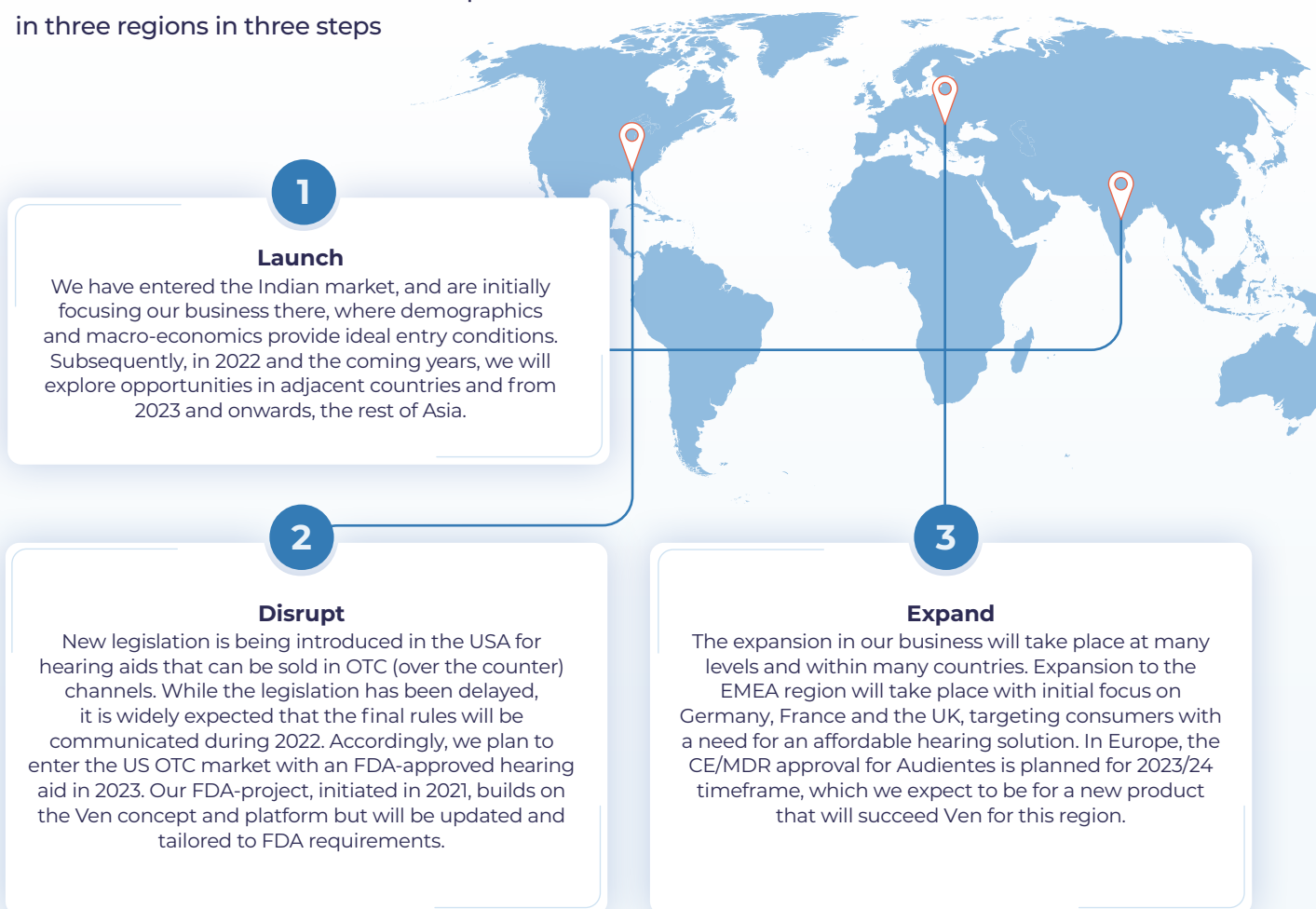
In 2021 we finalized the development of Ven, and built a solid base and distribution network in India. Now, as we enter year three in our five-year growth strategy for 2020-2024, we will, in 2022, focus on ramping up mass production and initiating sales in India, while preparing for market entrance in North America, among other markets.

Ven is now in the process of being rolled out in the Indian market, available in both retail and online channels. Additionally, we are now targeting new audiences within groups of hearing impaired clients by leveraging the reach of retailers through online B2C sales collaboration. We will introduce self-fitting hearing aids and other relevant solutions to the US OTC market and other countries thereafter in the coming years.

During 2021 we encountered much interest in Ven in markets outside India and have consequently assessed the opportunity for Ven in several other Asian countries, as well as in the Americas, Europe, Middle East, and Africa.

Based on our analysis of these markets, we see near-term possibilities to introduce our products in these regions, in a timely manner and via our go to market efforts. Some of the markets require certain approvals and certifications for products like Ven. We will assess these in more detail throughout the year and decide, on a case by case basis, when to enter a certain market. This will also be driven by our ability to forge local partnerships to assist with, or drive, these local regulatory efforts.

Internationalization with focus on impact in three regions in three steps



Focusing on middle-income markets

Audientes is disrupting the traditional hearing aid market by addressing the fundamental reasons why millions of people in middle-income markets around the world do not get treatment for their hearing loss.

Our primary customer segment is people with mild-to-severe hearing loss in need of an affordable quality product. It is in this product category where the penetration of traditional hearing aids is low compared to the size of the population with hearing loss, and where people could benefit from a hearing aid. This is also a very different segment to that in which traditional hearing aid companies and PSAP manufacturers operate.

Such markets are, in nature, different from region to region, but even high-income countries, such as the USA, have large populations who cannot afford a set of expensive hearing aids.

Furthermore, across the world people are, for various reasons (financial, infrastructural or geographical), often not able to visit a hearing expert such as an audiologist or ENT doctor.

This is especially prevalent in developing economies such as India and many other countries in Asia, Africa and the Middle East. It also holds true for some Western countries, most notably the USA. Europe also has many countries where we have identified a need for solutions like Audientes'.

Roadmap to address disabling hearing loss worldwide

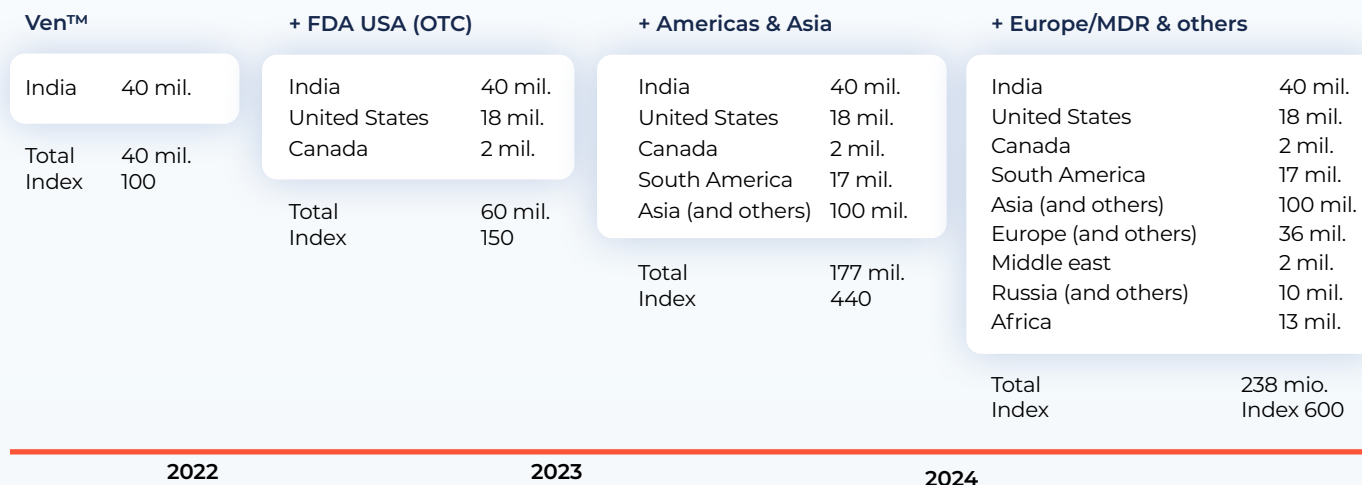
Based on our global rollout strategy and opportunities identified, we have developed a priority market strategy for how best to harness our product strengths and the current massive unmet market need, subject to the regulatory approvals that may be needed in the other local markets, in particular the US (FDA/OTC) and Europe (CE/MDR), as mentioned above.

While our initial offering, Ven, has been developed to serve the Indian market, it also has significant potential in many other markets around the world. And while it has been commercialized in India, we are working to introduce it – subject to local regulatory requirements – in a variety of adjacent countries in Asia and beyond during 2022-23. This will broaden the market access and

drive our unit economies in an attractive direction, as production and other costs significantly abate once we are shipping in numbers over and above 100,000 devices per year, which we expect to achieve within the current strategy period towards 2024. Our longer-term goal is more than 1 million sold units annually.

In the coming years, we will complete and bring to market products optimized for the new OTC-legislation in the US market, via the so-called 510(k) approval process. We will use this and other medical grade hearing aid approvals to access other markets. For this purpose, we have undertaken a certification process for ISO 13485, implementing a quality management system that will support our work on creating medical grade hearing aids based on our self-fitting user experience.

Audientes addressable market in categories of disabling hearing loss (DHL): category moderate hearing loss, moderately severe hearing loss, and severe hearing loss



Source: WHO Data for disabling hearing loss in select countries are from Burden of Disease database, 2018

Distribution strategy: bridging offline and online retail

Ven is a new type of hearing aid in the market as it belongs to the self-fitting category of OTC hearing devices. Ven is suitable for sale both through the classic B2B retail channels, such as hearing aid clinics, pharmacies, opticians, and electronics stores, but also online through ecommerce.

To support our aspiration of building a sales platform capable of selling a substantial number of units annually, Audientes' strategy is to become the authority on bridging offline and online retail. Our go-to-market plan focuses therefore on two areas:

- our presence in the traditional retail market where many customers go when they are looking for a hearing aid and where they also expect expert consultation.
- ecommerce, which is growing rapidly in all of Audientes' key markets due to the COVID-19 pandemic and other consumption drivers.

Audientes has the perfect product for marketing and online sales and is well-positioned to capitalize on the ecommerce trend.

Commercial partnerships with regional distributors are the key component in our launch strategy for the retail segment. This will ensure our presence in professionally-staffed sales outlets, where we will educate personnel about our hearing aids, so they can better sell and service our products – before and after the sale. At the time of this report, Audientes has 8 partners in India, with combined points-of-sale totaling 150+.

Apart from India and the US (where we commence with both traditional retail sale and ecommerce from day one), our initial plan is to use ecommerce as a conduit to familiarize ourselves with each market as we ramp up to enter it. Once we have increased our understanding of the local market mechanisms and consumer interest in our products, we will move further into these markets with distributors and retail outlets to reach more customers and drive market penetration.

Megatrends driving our strategy and opportunity**Hearables market growth**

The removal of the 3.5 mm audio jack from major mobile phone brands is driving mass growth in wireless Bluetooth-enabled audio devices.

A growing affluent middle-class

An affluent and growing middle class, living in mega cities in many middle income countries. More can afford a solution such as Ven.

Increase in hearing loss

The number of people with disabling hearing loss is growing due to a number of factors; aging populations, noise damage etc.

Growth of an aging but active population

Older people are more active than ever before generating increased demand for smart ear-worn hearables with biometric capabilities.

Booming self-help industry

The global desire for self-help and wellbeing solutions is growing exponentially with a USD 52.5 billion market annually.¹

Regulatory liberalization

Impending new OTC-legislation in the US to make hearing aids available over the counter creating a new market for self-fitting hearing aids.

¹globalwellnessinstitute.org

Online strategy with offline synergies: Buy from your local clinic

In the post-Corona era, ecommerce has received a significant boost, and Audientes is well placed to reap the benefits hereof, as we are also marketing directly to end-users. However, most hearing aid resellers are exclusively selling hearing aids from their retail outlets, with in-person consultations, fittings and purchase. Understandably therefore, and particularly in the wake of pandemic-enforced long closures, hearing aid retailers, including our current retail partners, remain focused on driving traffic to their stores, while also beginning to explore potential in the promising ecommerce space.

Similarly, people who buy Ven online would, in some cases, likely appreciate or look for professional assistance for the setup and personalization of their device. Audientes has therefore

developed a “click and collect” strategy where we invite our hearing aid resellers to participate in our eshop at Audientes.in, while also providing end-users with access to professional fitting and other support from our hearing aid reseller partners.

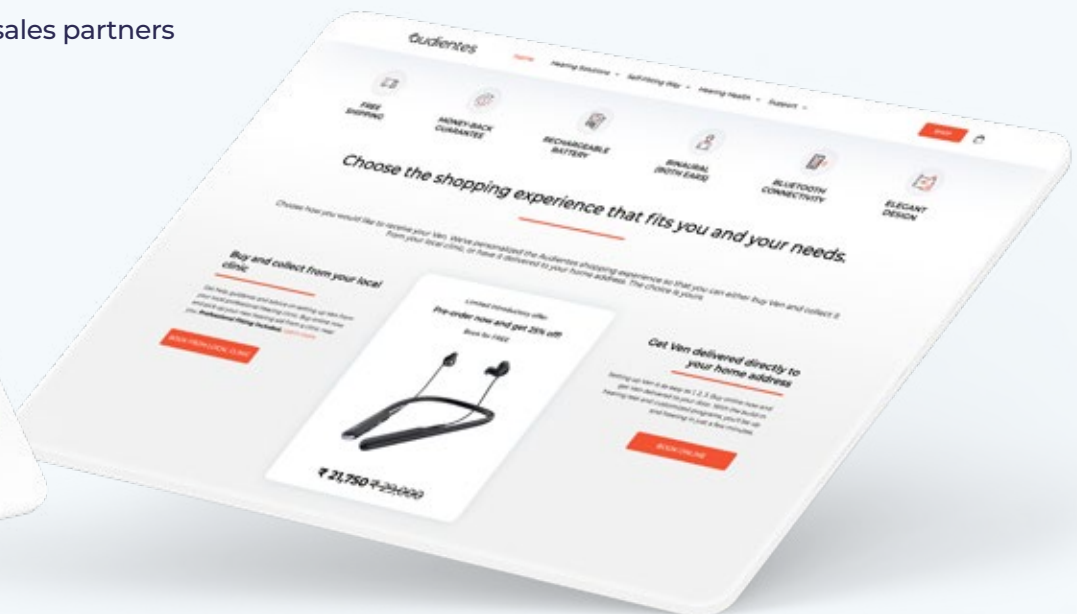
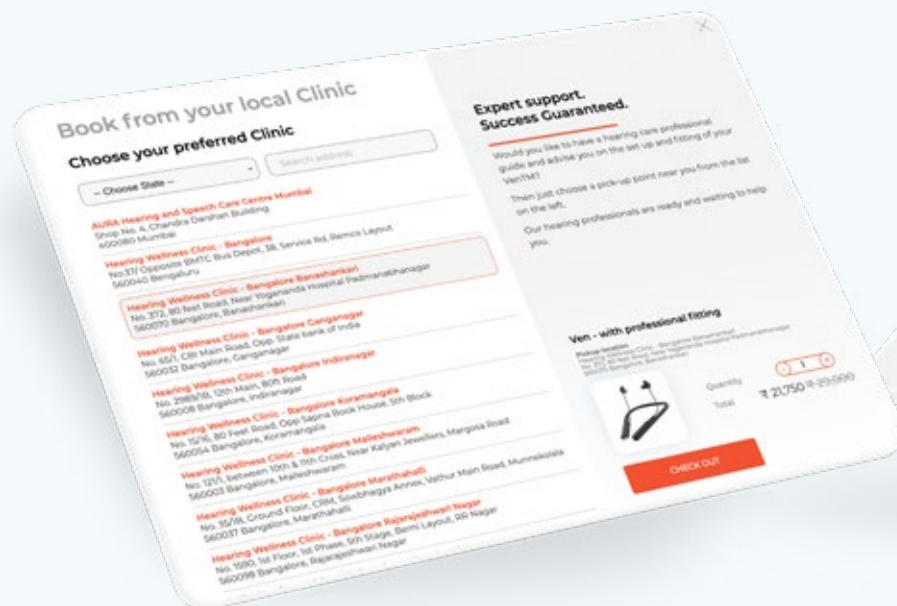
Therefore, in the interest of being a professional business partner, we have developed a new collaboration approach to achieve sales synergies with our B2B sales partners in India, whereby we also give our hearing aid resellers the opportunity to generate revenue online through the B2C digital eshop platform on Audientes.in. We call it “Buy from your local clinic”.

This synergistic sales strategy ensures that end-users who are buying Ven online through Audientes’ digital ecommerce shop, are given the option of in-clinic testing, fitting and personalization from the hearing aid resellers. Users purchasing

Ven online can now simply select a local clinic of their choice from where they can pick-up the device for fitting by a professional. Essentially, this means that the hearing aid resellers will help support and improve the Ven value proposition for end users when buying their hearing device online.

This approach also leads to valuable synergies for our hearing aid resellers who, by engaging in online sales collaboration with Audientes, are given the opportunity to reach new clients online. Audientes is therefore also creating a new funnel for our hearing resellers enabling them to expand their client database and develop a new revenue stream.

A new collaboration approach to achieve sales synergies with our B2B sales partners





Product strategy: more than just a smart hearing aid

Ven is a binaural, self-fitting solution disrupting the traditional hearing aid dogma of high price, high maintenance, the need for an audiologist and the need for repeated adjustments at a hearing clinic.

Ven is the first of our planned products to enter the market. Audientes aims to make hearing loss solutions in both cost-effective and attractive designs, and we have a broad palette of potential form factors and technical specifications under consideration. As Ven penetrates India, we will throughout

2022 continue to invest efforts in the maintenance and support phase of the product in the market.

At the same time, we will commence new development projects to create the future products our business plan is based on. These projects may be products in the same form factor and design as Ven, e.g., product variants that we may launch in markets or countries as we learn about market opportunities globally, or completely new designs depending on market research and requirements. The new products will be launched in the coming years and optimized for the markets we plan to enter.



For disabling hearing loss



High-quality sound
(digital signal processing)



Binaural (both ears)



Self-fitting/assisted fitting



Pure Tone Audiometry



NAL-NL2



Noise Reduction



Rechargeable battery



5 audio programs



Smartphone call handling



Music/sound streaming
from smartphone and TV



Bluetooth connectivity



Output limit & feedback reduction/
Comfortable with loud sounds

Audientes' business model

Key trend to drive change

Hearing aids heavily under-utilized due to high prices and shortage of hearing aid clinics and hearing experts.

Current situation

Market disruption: US FDA legislation to kick-off OTC channel sales.

India market expansion: self-fitting hearing aids to reach new client groups through online sales collaboration with hearing dispensers.

Key capabilities

Technology and innovation

Our deep technological skills combined with extensive experience in effective marketing of consumer electronics and medical devices are the cornerstones of our business.

Digitization and simplification

We automate processes within product development, supply chain, production and customer support. To ensure speed in execution, we partner with leading manufacturers, suppliers, developers and quality management advisers.

Collaboration and partnerships

Our immense focus on accessing high-potential growth markets in collaboration with in-country partners accelerates the development of impactful channel sales and e-commerce.

Scalability

Implementation of systems in product development, operations and customer support functions facilitate efficient scaling of our business model across markets and channels.

Key markets and channels

Launch markets

By launching in India followed by the US, and other markets, such as, Brazil and Vietnam we focus on the hearing-impaired in markets where millions of people do not have access to an affordable hearing device of high quality.

Market access

Direct sales entities and professional collaboration with strategic partners will speed up market access and sales execution.

Channels

Growing the reach of hearing healthcare by making hearing aids available through a multitude of channels – including optical shops, pharmacies, hearing clinics as well as e-tailers and e-commerce platforms.

Online sales synergies

Reaching new audiences among the hearing impaired by leveraging the reach of retailers through online sales collaboration.

Value created

Hearing impaired

All-in-one, self-fitting hearing solutions will drive hearing aid penetration. By enabling people with hearing loss to get access to a self-fitting hearing aid from a multitude of channels at affordable prices, we provide significant improvements in the quality of life for the hearing impaired.

Society

WHO estimates that unaddressed hearing loss amounts to an annual global cost of US\$ 980 billion including cost of educational support, loss of productivity and other community costs. Easier access to affordable hearing solutions provides significant societal cost savings*.

Partners

Enabling in-market partners and customers to build a new business or expand their current involvement within hearing healthcare.

Investors

Success in our core mission will yield a high return on investment in the form of substantial increase in the shareholder value, which will deliver significant return rates for investors.

* Source; WHO World Report on Hearing 2021

Strategic cornerstones

Create high quality, affordable & self-fitting hearing solutions

Innovate & expand hearing aid penetration

Grow through partnerships & omni-channel sales

Enhance and improve offering through data-driven consumer feedback

NEW MARKETS

The Asia opportunity

TODAY

400+ million

people in South-East Asia, for example, have some degree of hearing loss.

BY 2050

666 million

people are projected to have some degree of hearing loss.

COST

USD 108 billion

Hearing loss is expensive and costs the South-East Asia region USD 108 billion annually.

While our initial market focus remains on India, followed thereafter by the US, Audientes is poised to seize on opportunities elsewhere in the world. According to the WHO¹, today, more than 300 million people in Asia's five regions are suffering with disabling hearing loss.

In Japan, for example, approximately 13% (nearly 14 million people) of the adult population have hearing loss. And while Japan ranks as the third wealthiest country in Asia, only 14.1% of people with hearing loss are currently using hearing aids.

¹WHO: World Report on Hearing

With its low complexity and easy to fit profile, we see a clear opportunity here as well a noteworthy potential for both the online and OTC sale of Audientes' products to millions of people living in Asia.

Vietnam and the Philippines too have vast numbers of people living without access to affordable solutions to their hearing loss. While information on hearing loss numbers is scarce, it is currently estimated that the number of people in Vietnam with hearing loss is approximately 3.4 million.

In the Philippines, the number is approximately 5 million. However, in Vietnam, for example, only an estimated 35,000 – 40,000 hearing aids are sold annually, primarily due to the lack of audiologists and the high price of current hearing aids on the market.

*Source:WHO

Sustainable Development Goals

United in a common call to action

In 2015, the United Nations adopted their Sustainable Development Goals (SDGs) which are a call to action for all countries – poor, rich and middle-income – to work together to address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice.

Audientes has identified three of the SDGs where we believe we can make a difference to millions of people around the world.



GOAL 1: NO POVERTY

Alleviate hearing loss and financial distress

The “No Poverty” sustainable goal aims to end poverty in all forms and dimensions by 2030. Hearing loss and economic hardship often go hand-in-hand. According to the WHO, the annual cost of unaddressed hearing loss is between \$750 – 790 billion.¹ This figure includes the costs of loss of productivity due to unemployment and early retirement among people with hearing loss, as well as the costs to the healthcare and educational sectors for providing treatment, care and support. And it also encompasses the societal costs linked to isolation, stigma and communication difficulties. Treatment for hearing loss opens the door to opportunities in the form of employment, financial independence and education, among other things.

¹WHO

“No Poverty, Good Health and Wellbeing, and Reduced Inequalities are an apt reflection of the potential knock-on benefits our solution offers. Addressing the global challenge of hearing loss can help lift people out of economic hardship, improve their general wellbeing and also help address the inequalities that arise for those who can’t get help for their hearing loss simply because of where they live and/or what they earn.” Povl-André Bendz, Chairman of the Board, Audientes A/S

GOAL 3 GOOD HEALTH AND WELLBEING

Mitigate mental and physical challenges

People with untreated hearing loss are likely to experience an array of mental challenges, including frustration, anxiety, depression and cognitive decline. According to the UN, ensuring healthy lives and promoting wellbeing at all ages is essential to sustainable development. The health benefits of addressing hearing loss are extensive: reduced risk of dementia, depression and anxiety plus improved situational awareness and fall detection.

GOAL 10: REDUCING INEQUALITIES

Reduce exclusion from the labor market and society

Lowering inequalities and ensuring that no one is left behind are integral to achieving sustainable development. In many parts of the world, the treatments and options available to people suffering from hearing loss are dependent on the availability of government subsidies, personal income levels, and geography. Treatment for hearing loss should not depend on where you live or whether you have access to an audiologist. Better hearing leads to reduced exclusion from both the labor market and society as a whole.

2022 Outlook

The outlook for 2022 includes the successful product launch of Ven and revenue in the range of DKK 23-27 million.

Product launch of Ven in India

With the launch of Ven in India medio March 2022, this will be the first year in the company's history that we will generate revenue from the sale of our products.

As awareness of our hearing aid grows, we expect the number of retail partners – as well as the number of their local stores/outlets – to increase as we target more than 300 retail points of sale for 2022.

Financial targets for 2022

Audientes expects revenue in 2022 to be in the range of DKK 23-27 million, mainly generated from its activities in India, and operating profit/loss (EBITDA) is expected to be in the range of DKK -13 to -15 million.

The expected revenue is calculated based on sales forecasts with a channel-differentiated price for wholesalers and chains, as well as via Amazon, FlipKart and other online marketplaces in Audientes' target markets.

The guided EBITDA result in 2022 should be seen as a result of intensified marketing and advertising activities, efforts in 2022 following product launch. Another key investment area is the ongoing development activities related to Ven and our application for FDA approval of a new product based on the Ven platform and initially targeting the US market.

These investments are deemed necessary to capitalize on the market opportunities detailed and key assumptions of continued investments, as detailed in the Company Description from September 2020 concerning the use of proceeds from the IPO.

In 2021, EBITDA was negative at DKK -12.9 million.

DKK 000'	2021	2020
Income statement		
Revenue and other operating income	23,000 to 27,000	214
Earnings before interest, tax, depreciation and amortization (EBITDA)	-13,000 to -15,000	-12,893

Progress regulatory approvals to open further markets

In 2022, we will continue to work towards gaining FDA clearance for our hearing aid aimed at the market in North America. In 2021, the Biden administration put the implementation of the pending new OTC legislation firmly back on track in the US, and the FDA published the new implementation guidelines for over the counter (OTC) sales of hearing aids, such as Audientes'. While the final rules are still pending, these guidelines are further clarifying the requirements for approvals through the 510(k) regulatory journey Audientes has embarked on.

We expect the introduction of new legislation in the US to be clarified in the first half of 2022, which will open an exciting opportunity for us to market our hearing aid as an OTC Hearing Aid (or similar classification) there. The effort to seek regulatory approval by the FDA includes our effort to implement a quality control system based on the ISO-13485 standard. We expect to gain the approval from the FDA in the first half of 2023.

Financial highlights

DKK 000'	2021	2020	2019	2018
Income statement				
Other operating income	214	0	0	0
Earnings before interest, tax, depreciation and amortization (EBITDA)	-12,893	-5,548	-110	-686
Earnings before interest and tax (EBIT)	-1,036	-5,561	-110	-686
Profit/loss for the year	-12,901	-5,138	-315	-446
Balance sheet				
Intangible assets	14,572	9,398	7,549	6,998
Cash and cash equivalents	10,554	30,364	78	71
Total assets	31,343	42,195	7,699	7,537
Equity	25,483	38,372	3,931	4,246
Cash Flow				
Cash flow from operating activities	-11,742	-7,079	557	359
Cash flow from investing activities	-8,068	-2,214	-551	-1,339
Cash flow from financing activities	0	39,579	0	800
Net cash flow for the year	-19,810	30,286	7	-179
Other key figures and ratios				
Equity ratio %	81.30	90.94	51.06	56.34
Av. number of employees	8	4	1	1
Earnings per share (in DKK)	-1.38	-0.79	-0.09	-0.12
No. of shares beginning of the period	9,349,010	3,687,300	3,687,300	3,518,720
No. of shares end of the period	9,349,010	9,349,010	3,687,300	3,687,300
Average number of shares	9,349,010	6,518,155	3,687,300	3,687,300

Financial review 2021

Operating profit/loss (EBITDA) was DKK -12.9 million in 2021 compared to DKK -5.5 million in 2020 which was in line with expectations. Net profit for the year was DKK -12.9 million, with cash and cash equivalents amounting to DKK 10.6 million.

Financial development in 2021 was characterized by sizable investment in the completion of our self-fitting hearing aid, initial production and materials and the market launch in India.

Gross profit

Sales of the first hearing aid devices is commencing in 2022. Thus, Audientes recorded no revenue in 2021.

The total support of DKK 3.4 million from the Danish Market Development Fund will be recognized as other operating income over the next four years beginning in 2021 with DKK 0.2 million.

Gross profit was DKK -7.2 million for 2021 up from DKK -3.9 million in 2020.

Gross loss covers other operating income and external expenses.

Five new hires

In connection with the market launch in India, we increased our staff. In total, six new full-time employees were hired in 2021. By the close of 2021, Audientes had 9 full-time employees in Denmark and 5 full-time employees in the Indian enterprise.

Staff costs are calculated at DKK 5.7 million, up from DKK 1.7 million in 2020.

Operating profit

Operating profit (EBITDA) was DKK -12.9 million in 2021 compared with DKK -5.5 million in 2020. The increased costs were as expected primarily driven by full-year employment of the staff and increasing marketing activities.

After finalizing the first salable version of Ven a linear depreciation over 4 years was initiated in 2021 by DKK 0.9 million.

Earnings before interest and tax (EBIT) were DKK -14 million compared to DKK -5.6 million in 2020.

Income from investments in group enterprises

In 2021 the Indian enterprise was founded. The profit/loss for 2021 was DKK -0.3 million.

Financial items affected by IPO-related costs

In 2021, net financial income and expenses amounted to DKK 0.4 million and primarily covering costs related to the company's listing at Nasdaq First North and negative interest on bank deposit.

Profit/loss for the year

Tax for the year, consisting of tax for the current year, is calculated at DKK 1.9 million relating to expected Credit Scheme disbursements under the Danish Tax Prepayment Credit.

The loss for the year thus amounts to DKK -12.9 million compared to DKK -5.1 million in 2020.

Capitalization of development projects

During 2021, Audientes continued the development of its hearing aid concept consisting of software and hardware technology that together create an innovative hearing aid solution.

In 2021, DKK 15.5 million was capitalized under development projects. Likewise, development costs amounted to DKK 9.4 million in 2020. Additions thus totalled DKK 6.1 million in 2021. After completing the development project in October, 2021 DKK 0.9 million was depreciated in 2021 and the book value end-2021 was DKK 14.6 million.

The company's ongoing investments in development projects are expected to provide significant competitive advantages going forward.

Receivables increased

At end-2021, Audientes had a VAT receivable of DKK 1 million compared to DKK 1.4 million in 2020.

At end-2021, Audientes had a tax receivable of DKK 1.8 million compared to DKK 0.4 million in 2020. The tax receivable is impacted by higher development activities, as this only includes Credit Scheme disbursements under the Danish Tax Prepayment Scheme regarding development costs.

Equity

After a net loss of DKK 12.9 million in 2021 the equity decreased from DKK 38.4 million in 2020 to DKK 25.5 million in 2021

At the end of the financial year, the solvency ratio was 81% compared to 91% in 2020.

Current liabilities other than provisions

Current liabilities other than provisions totalled DKK 5.9 million and mainly consist of payables such as trade payables, personal income taxes, holiday pay obligation and subsidies from the Danish Market Development Fund not yet recognised as income.

Cash flow

At end-2021, cash and cash equivalents amounted to DKK 10.6 million compared to DKK 30.4 million in 2020. The cash flow of DKK -19.8 million was driven by completion of Ven, productions and materials, and the market launch.

Audientes generated a cash flow from operations of DKK -11.7 million compared to DKK -7.1 million in 2020.

After investments in development, equipment and enterprise in India of DKK 8.1 million the cash flow totalled DKK -19.8 million in 2021.

Events after the balance sheet date

No events that might significantly affect the assessment of the company's financial position have occurred after the balance sheet date.

Risk management

Introduction

Risk management is a priority focus area for Audientes as an integral part of daily operations to ensure rapid response in the face of changing conditions.

In 2022, an enhanced quality management system governing core processes - such as those related to design and development of products, supply chain management, production, customers and risk management - is being implemented and will be fully operational in the first half of the year. It is a high priority to become ISO 13485 certified.

The overall responsibility for risk management lies with the Board of Directors in close collaboration with the Executive Board.

Audientes has identified several risk factors which are outlined below in order of priority as regards significance and probability.

1. Revenue

Sales of the Audientes hearing aid will commence from Q1 2022 and onwards. There is an associated risk of demand not being sufficiently high in the market for the Audientes hearing aid to sustain company operations.

To minimize this risk, Audientes has employed people with deep experience in building and driving consumer electronics and hearing aid sales both online and in retail. While this is not a guarantee of sale, it ensures that the product's potential is propagated in the market through several channels.

2. Supply chain

Audientes' hearing aid Ven was launched in India in Q1 2022 while mass production was also ramping up. Sales are expected to further ramp up in the first half of 2022 and the product will be subject to ongoing design and development improvements, subject to Audientes' own plans, as well as feedback from customers.

Delays in the supply of functioning products to sell Ven in Audientes' markets, most prominently in India but also other new markets, could have a serious impact on Audientes' ability to generate timely cash flow from the sale of its hearing aids. Failure to generate cash from sales of products will have serious consequences for the company, including its ability to grow its business further and continue operating.

To mitigate this risk, Audientes has engaged people as full-time staff and consultants with supply chain and production expertise. These people work with our Swedish-owned manufacturing partner, OSM Global (OSM), and other supply chain partners such as those providing core semiconductor components, like Qualcomm and other components for our products, to ensure components and materials are ordered and delivered at the right time and in the expected quality.

3. High production costs

Production of the Audientes hearing aid, Ven has begun. Because of the COVID-19 pandemic, prices for materials and components have increased and the entire supply chain has come under significant pressure. There is a risk that the cost of production will be higher than expected, ultimately resulting in an increased retail price for the hearing aid. Such a price

increase could have a negative impact on the market and, subsequently, company earnings.

During the past five years, Audientes has established a strong collaboration with our preferred production partner, OSM, to develop and optimize product design and to ensure favorable component prices and predictable deliveries from our suppliers.

OSM purchases components in very large quantities to produce several million products annually and can therefore secure volume discounts for the benefit of Audientes.

Further mitigation of production cost effects will happen as Audientes increases the number of manufactured units, as costs are likely to decrease then, subject to our scale of manufacturing and our position to negotiate and secure good rates.

4. External production and development partner

Audientes has been working with OSM since 2017 on both the development and production of the market-ready hearing aids. OSM manufactures in several countries, including China, which is currently the site of production for Audientes.

The agreement with OSM is based on sub-agreements for each step of product development and production. In the case that OSM terminates the current agreement and subsequent sub-agreements, and we cannot define new sub-agreements, including the production agreement, Audientes will be forced to find another supplier of these services. This may result in 2-3 quarters' delay in both the development and production of the hearing aid.

Risk management

To deal with risk of delays related to OSM and the production, Audientes has engaged experts within design for manufacturing, production, and supply chain management as external consultants, as well as full-time employed staff to acquire and develop its capabilities in this area. These people ensure sharp focus on weekly milestones and priorities, coupled with a close daily dialog with OSM at all stages of product development and production, to ensure products are optimized for manufacturing, minimize delays to supply of critical semiconductor and other components and materials, and optimize in general all supply chain and production related matters.

5. Product development

Audientes will, in 2022 and the coming years, commence product development activities for future products to constantly evolve its product portfolio of compelling offerings to prioritized markets and customer segments.

There is a risk that these new products will not be fully developed and ready for mass production and sale as scheduled according to our product roadmap, which is being updated regularly. Delays in the development and readiness of new products could have a serious impact on Audientes' longer-term ability to generate timely cash flow from the sale of its future hearing aid products. This would have serious consequences for the company, including its ability to grow its business further and continue operating.

To mitigate this risk, Audientes has secured a robust team with extensive experience in design, development, and market introduction of new products. This team have brought Ven to market and are poised to do so with future products as well.

6. Regulation - medical device approval

To be marketed and sold as a medical grade hearing aid, i.e., a medical device, which is a part of Audientes' core strategy, its hearing aids will need to undergo medical device approvals in several markets. The company's approach to medical device approvals spans the next couple of years, beginning with the introduction of a quality management system in 2022, as well as the preparation of the necessary documentation for submission of applications to the regulatory authorities.

Audientes' sales strategy is tailored in such a way that our initial launch markets are markets (such as India) where the Audientes hearing aid does not need medical device approval initially to be sold as a hearing aid. Should Audientes not obtain these targeted approvals in a timely manner, or at all, or if approvals are only obtained after a longer period than anticipated, then the impact on Audientes could be significant in the markets in question.

To address the potential risks of delays in the planned approval processes of FDA, CE/MDR, etc., the company has assembled a team of expert consultants with experience in certification and approval processes in both the US and Europe and plans to employ a Quality Manager with responsibility for regulatory approvals.

To mitigate the inherent risk in required approvals and certifications for certain markets, Audientes' may decide to have its product(s) categorized and sold as a basic sound amplifier product, such as Personal Sound Amplification Products (PSAPs) and Assistive Listening Devices (ALDs), to get market access in a timely manner.

7. Capital risk

Audientes' growth strategy anticipates further capital injection in 2022 to manufacture, market, sell and support its hearing aid product Ven in sufficient quantities to meet its stated financial goals for the year.

To be able to support its growth strategy and the need for working capital to support its ongoing operations, Audientes may chose to finance its market development primarily in India by separate capital injections as public or private placements, loans, or grants, subject to availability.

Should Audientes not be able to secure timely further funding, it could have serious consequences for the company, including its ability to grow its business further and continue operating. Further reference is made in Note 1 to the financial statements.

8. Organization

Currently, Audientes is a small-sized company. Therefore, a change in the the Executive Board (CEO and CTO) and key personnel could have significant consequences for the development, production, and sale of the company's hearing aid.

To address this staff-related risk, an incentive scheme for the CEO and key personnel has been implemented, while the company's CTO has a significant stake in the company.

Risk management

9. COVID-19

Having transitioned from being solely a development-oriented company to also being a commercial company, engaged in mass production, marketing and sales of high technology products, Audientes has also been affected by the COVID-19 pandemic e.g., in the ramp up to mass production.

Because the COVID-19 pandemic has lasted longer than expected, and does not seem to be completely eradicated in 2022 either, it may have a considerable impact on the further ramp up to mass production of our hearing aid and ongoing production, as the companies in our supply chain of e.g., mechanical, electrical, and electronic components may continue to be subjected to government or company mandated lockdowns in shorter or longer periods. Delays in the production could have a serious impact on Audientes' short-term ability to generate timely cash flow from the sale of its current hearing aid products. This would have serious consequences for the company, including its ability to grow its business further and continue operating.

COVID-19 has not, to date, had a negative impact on our ability to enter into distribution agreements in India, which has been and remains one of our key focus areas. However, as we are expanding our activities to other countries in Asia and the Americas in the coming year, restrictions e.g., in travel and business activities because of COVID-19 may have a delaying effect on such activities and the development of new sales partnerships and product sales.

To mitigate delays due to COVID-19, the company is very watchful of the situation with a focus on acting responsibly while simultaneously utilizing the potential allowed in

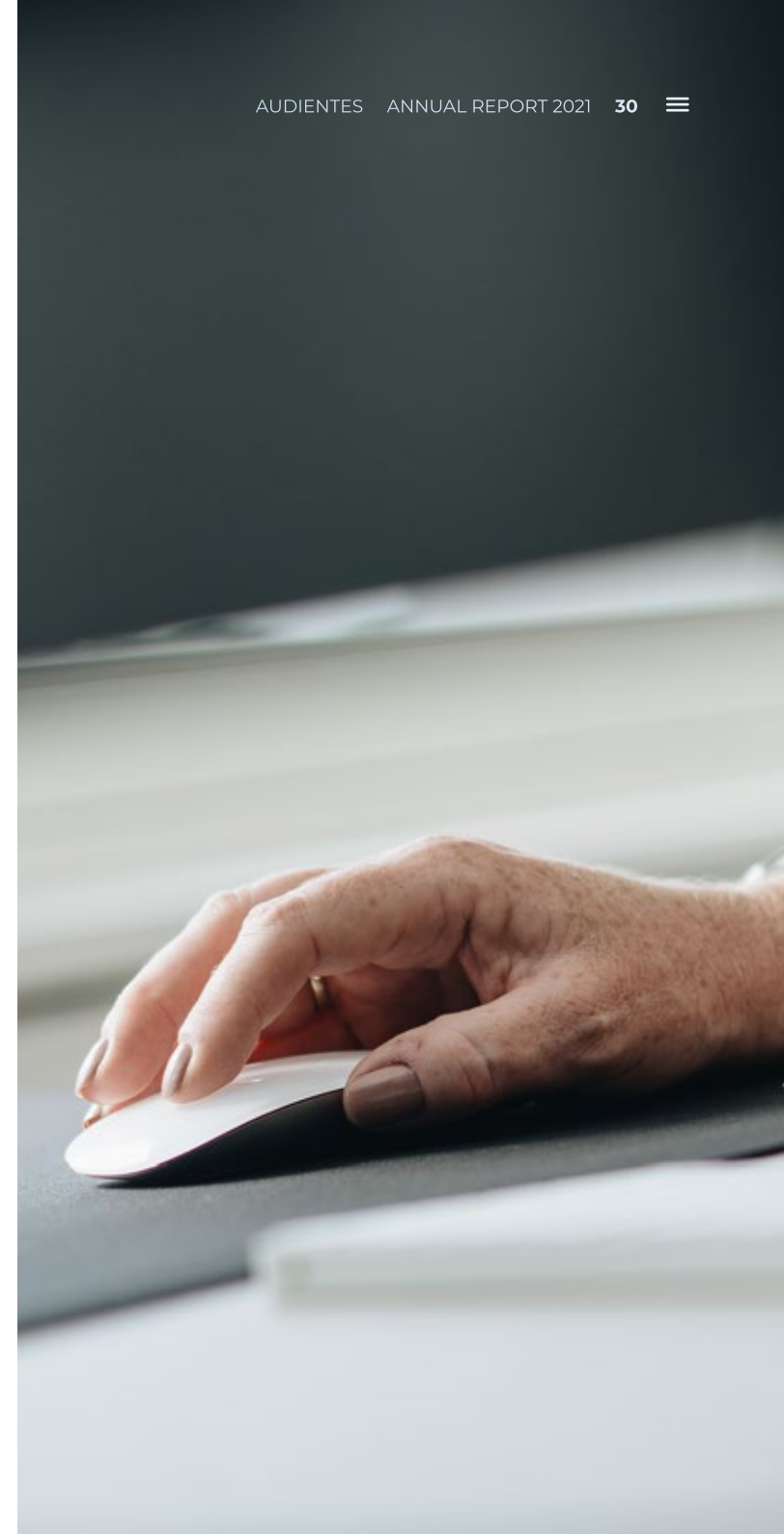
target markets. Due to local restrictions, travel has not been possible for most of 2021, but in Q1 2022 the situation has eased up in many countries, including India, and we have begun travelling to India, where we, to date, have focused on harnessing local resources in our defined markets for deployment of the go-to-market strategy, and for user testing with local partners and their customers.

10. The geopolitical situation

There are armed conflicts, unrest, and international sanctions effective in several markets of interest to Audientes. While the company is not able to predict the development in these areas and how it will affect its business in the production and sale of its hearing aid products, increased turmoil in the world may have an adverse effect on Audientes' manufacturing and supply chain overall, as well as its sales and the marketing of its products in new and future markets.

Effects from armed conflicts and similar events may hinder Audientes to produce, ship and generate cash from sales of products, which will have serious consequences for the company, including its ability to grow its business further and continue operating.

However, while Audientes cannot reasonably predict the future impact on the company, at the point of publishing this annual report in March 2022, we do not currently see a material impact of current international conflicts to our supply chain, our own development, production by OSM, and market access in India, which all are mostly affected by ongoing COVID-19 related challenges as described elsewhere.



Corporate governance

The work on corporate governance is ongoing and a strong focus for the Board of Directors and the Executive Leadership. Good corporate governance is essential to create value for our shareholders, build credibility among our partners, as well as grow integrity and loyalty among customers, our employees, and other key stakeholders.

Once a year, the Audientes Board of Directors and Executive Leadership review the company's corporate governance principles, ensuring that we meet with both legislative requirements as well as good common practices.

Role of the Board of Directors

The Board of Directors consists of Povl-André Bang Bendz (Chairman), Gitte Jürgens, Elsebeth Finnick and Peter Røpke all elected at the Annual General Meeting.

The Board of Directors is responsible for Audientes' overall management and oversees all matters concerning Audientes' general development, including objectives, strategies, organization, budgets and risk management.

The role of the Board of Directors includes, among other things:

- Provide strategic direction for the organization and approve corporate strategy.
- Establish appropriate corporate governance.
- Establish the necessary risk management and internal control procedures.
- Govern the organization and the relationship with the CEO.
- Fiduciary duty to protect the organization's assets and shareholders investment.
- Monitor and control function
- Ensure proper and timely financial oversight and reporting.
- Assess the financial position and ensure sufficient financial resources.

The general guidelines on the responsibilities of the Board of Directors are laid down in the Board's rules of procedure, which are reviewed annually and adapted, as necessary.

Due to the company size, the Audientes Board of Directors has not established independent committees.

Audientes' Quality Policy

Audientes is committed to providing high-quality, self-fitting hearing aids to the millions of people around the world currently suffering from disabling hearing loss.

Audientes is a mission-driven, consumer-focused organization, specializing in designing, engineering, and delivering state-of-the-art hearing solutions – at an affordable price - to those who do not have access to a quality solution to address their hearing loss. Our success is rooted in our ability to:

- Understand the challenges and issues our target consumers are dealing with because of their hearing loss.
- Deliver high-quality solutions on time and according to the expectations of our investors, partners and target consumers.
- Invest in the continuous development of in-house talent, skills, knowledge and research and development.
- Continuously comply with international standards and regulations within the hearing solutions and medical devices industry.

Executive management is committed to ensuring that the quality policy and objectives are communicated and understood throughout the organization and that employees are trained according to our quality management system to ensure that we deliver documents and services consistently and according to customer and regulatory requirements.

Board of Directors



Povl-André Bendz, Chairman

Povl-André has been Chairman of the Board of Directors since June 3, 2020. He has a Master of Science from CBS, extensive commercial and financial leadership experience and has also started a number of companies. He holds several board positions, including serving as chairman of the board of 2cureX AB since 2017. Through his board and director positions in several companies, including Upfront Chromatography and DELTA, Povl-André has developed solid knowledge of a wide range of industries and sectors, with particular emphasis on life sciences. He is currently the CEO and Co-founder of Sedermera Denmark.



Gitte Jürgens, Board member

Gitte has been a board member since June 3, 2020. She holds a degree in market economics and completed the CBS Executive Board Leadership & Executive Management program in 2019. She has more than 20 years of leadership experience from the life sciences sector, including positions as Chief Financial Officer, Chief Operations Officer and Supply Chain Manager in the Meda and Mylan pharmaceutical companies. In that connection, she has participated in several international M&A transactions, worked with B2B and B2C and strategic and commercial business development.



Elsebeth Finnick, Board member

Elsebeth has been a board member since June 3, 2020. She has a Master of Science degree in economics from Aarhus University and has had a number of positions in the life sciences industry. Elsebeth has been international manager at GN Danavox (now GN Resound), where she was responsible for establishing companies in Brazil, Australia and Canada. She has also been the director of the Wound & Skin Care division at Coloplast, Managing Director of Danish Health Consult and the Dean of the bioanalyst faculty in Copenhagen. Since 2014, Elsebeth has worked as a mentor at DTU Science Park.



Peter Røpke Board member

Peter has been a board member since April, 2021. He has an M.Sc. in Electrical, Electronics and Communications Engineering from Danish Technical University. He is currently President and CEO of RTX A/S, a MidCap company listed on Nasdaq Copenhagen, that designs and develops wireless communication products across a wide range of applications. Peter has a long career behind him in product and technology development, manufacturing and consumer electronics. Peter has previously held senior positions at Flügger A/S, Grundfos Management A/S and Nokia Corporation.

Management

”Our primary focus for 2021 was the commercialization of our Ven. Our strong commercial team, in Denmark and India, has driven this effort. We have strengthened our program management organization and expanded our organization in India with key hires in sales, supply chain and customer service roles.”

*Steen Thygesen,
CEO*



**Steen Thygesen,
CEO**

Steen holds a Bachelor of Science in Electrical Engineering from Copenhagen University College and an MBA from London Business School. Throughout his career, Steen has had weighty responsibilities within IT development, strategy, sales and management in companies such as Star, Nokia Denmark, Microsoft Inc, Symbian and TDC. Additionally, he spent four years as CEO of the non-profit organization Specialisterne Foundation. Steen was a member of Audientes' Board until 2018. Since 2016, Steen has been a mentor at DTU Science Park.



**Hossein Jelveh,
CTO and founder**

Hossein has a Master of Science in Electrical Engineering from Denmark's Technical University (DTU). He started his career at Nokia in 1997, where he worked as a software engineer and test manager. In 2012, he started his own company, Jelveh Medical Device, working on the research and development of hearing aids, and in 2014, he established Audientes. Until 2020, Hossein was a member of Audientes' Board of Directors. He is director and owner of Jelveh Holding ApS, the sole purpose of which is to function as a holding company for his ownership stake in Audientes A/S.



**Catherine Conlon,
CMO**

Catherine has a Bachelor of Arts (HONS) degree from Trinity College, Dublin University in Ireland, and has more than 25 years of experience in branding, communication, marketing and digital media. Her experience includes positions as Senior Brand Communications and Marketing Manager at Nokia Denmark, Navision and Cobham SATCOM. She has also worked as Marketing and Communications Director at Star and the non-profit organization Specialisterne Foundation.



**Henrik Christiansen,
Head of Wholesale**

Henrik has deep experience in market development; international-, direct-, distribution and retail-based sales and key accounts. He has a long background in the hearing aid industry, including experience with developing regional/global sales and distribution networks.



**Kenneth Boye,
Head of e-Commerce**

Kenneth has over 20 years' experience leading high-growth IT and tech startups and is a specialist in online business development, customer journeys and digital marketing with extensive international experience in GTM strategies.



**Christian Kraft,
Head of UX**

Christian has 30 years' experience as a UX manager from a number of large global organizations. He has almost 60 approved patents and was a part of the development of the original product concept and user experience for our hearing aid.



**Jesper Betzer,
Head of Operations**

Jesper has over 20 years of experience in operations, business development, global supply chains and the humanitarian sector. He has work experience from 22 countries, including India, and 14 years' experience from different UN organizations.



**Raman Rao,
Country Head, India**

Based in Hyderabad, Raman has previously developed business operations in India for large, international hearing aid companies. He has several decades of experience in sales and business development.



**Peter Bøbel
Head of Program Management**

Peter has over 30 years of experience in program and project management with senior and leadership roles in a number of large global organizations where he successfully ensured on-time and to-specification product delivery.

Shareholder information

Audientes shares

The closing price for 2021 was DKK 11.70 (in 2020 it was DKK 6.40), corresponding to a market value of approximately DKK 109 million (in 2020 it was DKK 60 million).

In 2021, a total of 7,218,568 shares traded – 77% of the total number of shares (in 2020 it was 3,890,448 shares, or 42% of the total number of shares).

Audientes is a commercial company with an expectation of a strong newsfeed in 2022.

Share capital

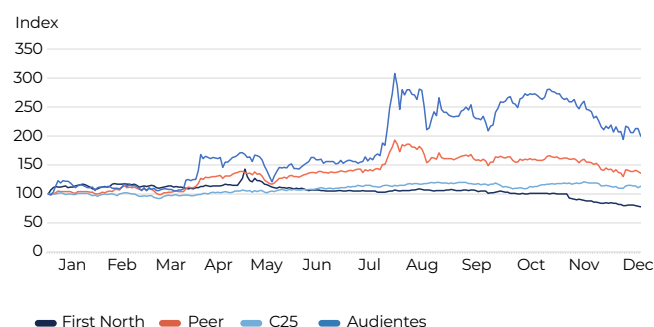
Audientes' share capital at the end of 2021 was nominal DKK 934,901 divided into 9,349,010 shares of DKK 0.1 each. The company has one class of shares and all shares carry the same voting rights, i.e. one vote. The shareholders must be registered in the company's register of shareholders in order to be allowed to vote at the company's annual general meeting.

For the development of the company's share capital in 2021, please refer to page 44.

Share price development in 2021 (price per share in DKK)



Audientes share performance in 2021



Ownership

As of December 31, 2021, Audientes A/S had 2,749 registered shareholders (2020: 2,216), holding 93.87% of the company's share capital (2020: 95.62%).

As of December 31, 2021, two shareholders had declared a shareholding of more than 5%.

Shareholder	No. of shares	Holding, %
Jelveh Holding ApS*	2,255,010	24.12
Stig Due	81,701	8.74

As of December 31, 2020, the members of the company's Board of Directors and the Executive Board held a total of 25.63% of the share capital.

Shareholder	No. of shares	Holding, %
Jelveh Holding ApS*	2,255,010	24.12
Steen Thygesen	112,790	1.21
Gitte Jürgens	2,777	0.03
Povl-André Bendz	25,650	0.27
Total	2,396,227	25.63

*Jelveh Holding ApS is owned by Hossein Jelveh, CTO and founder of Audientes.

Warrants

Audientes has an incentive program consisting of warrants awarded to members of the Board of Directors and the Executive Board as well as to employees of the company.

The main terms of the warrant programs are laid out in the company's Articles of Association, which can be found on Audientes' website at www.audientes.com.

In 2021, the Company issued warrants entitling the holders to subscribe to 75,000 shares with a nominal value of DKK 0.1. Warrants were issued in October 2021.

35,000 warrants were issued to board member Peter Røpke and 40,000 warrants were issued to a senior member of staff, both with an exercise price of DKK 17 per share.

The Board of Directors is authorized to issue additional warrants at a nominal value of DKK 85,220.

Share data

Market:	First North Growth Market Denmark
Industry:	Healthcare
ISIN code:	DK0061406618
Ticker:	AUDNTS
Share capital:	DKK 934,901
Nom. value per share:	DKK 0.1
No. of shares:	9,349,010
Votes:	One share carries one vote

Financial calendar



Investor relations

Audientes desires an open and continuous dialogue with shareholders, potential investors and the public. Therefore, all shareholders are encouraged to register in the company's register of shareholders according to the company's Articles of Association. Additionally, all shareholders are invited to sign up for the company's news service through the company's website at www.audientes.com.

Annual General Meeting

The company's 2022 Annual General Meeting will be held at Teknikerbyen 5, 2830, Virum, Denmark on April 21, 2022 at 3.00 pm.

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the financial year 2021 and that the loss for the year of DKK -12.901 million be transferred to next year.

Further information

Questions and comments from shareholders, analysts and other stakeholders should be addressed to:

Steen Thygesen, CEO
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Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Audientes A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Virum, 24.03.2022

Management

Steen Thygesen

Hossein Sandfeld Jelveh

Board of Directors

Povl-André Bendz

Gitte Jürgens

Elsebeth Finnick

Peter Hergett Røpke

Independent auditor's report

To the shareholders of Audientes A/S

We have audited the financial statements of AUDIENTES A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with 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 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 Entity'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 Entity 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 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.

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.

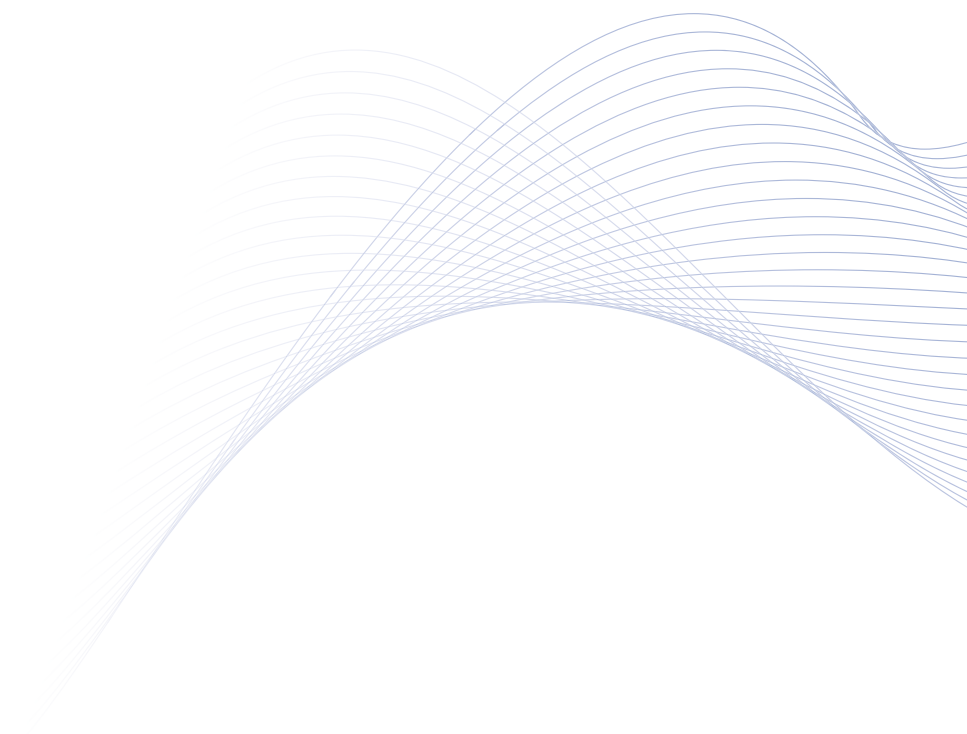
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

København, 24.03.2022

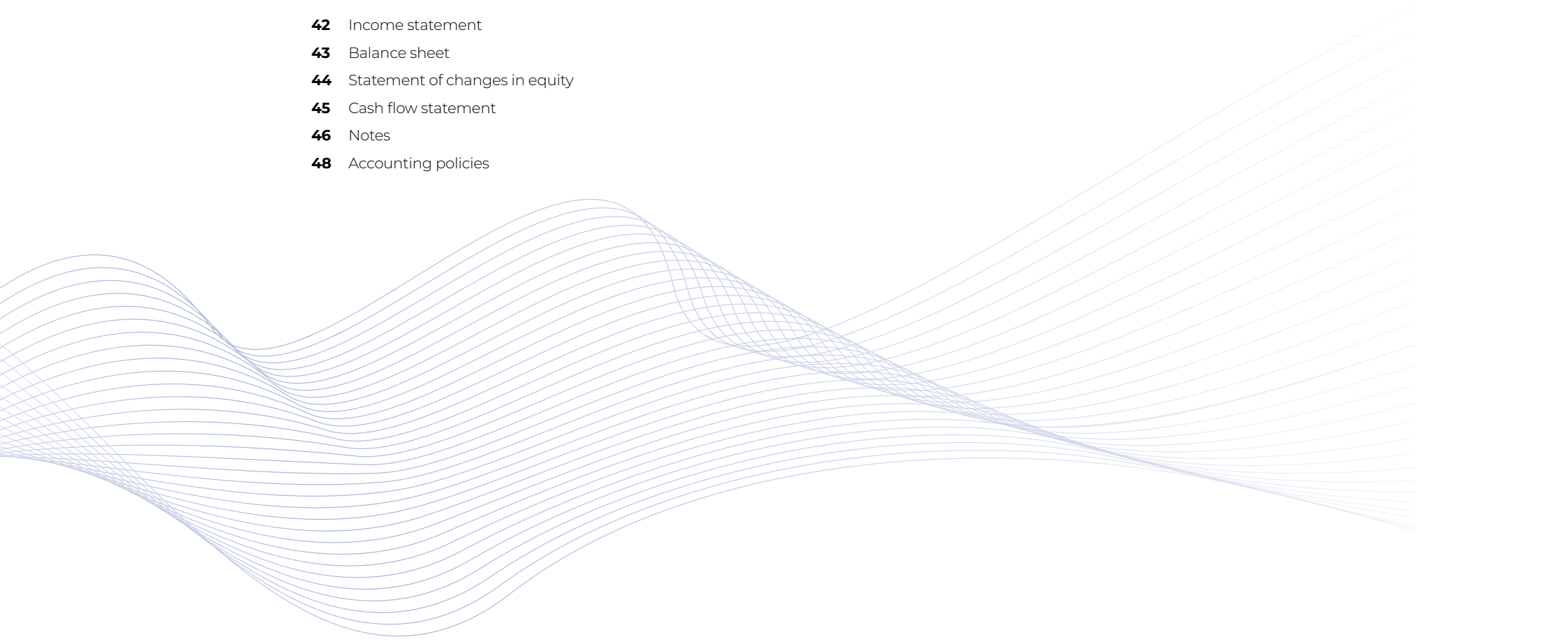
Deloitte
Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Wolff Mikkelsen
State Authorised Public Accountant Identification No (MNE) mne33747



Financial statements 2021

- 42** Income statement
 - 43** Balance sheet
 - 44** Statement of changes in equity
 - 45** Cash flow statement
 - 46** Notes
 - 48** Accounting policies
- 

Income statement for 2021

DKK	Notes	2021	2020
Other operating income		214,118	0
Cost of sales		0	(8,375)
Other external expenses		(7,453,238)	(3,843,756)
Gross profit/loss		(7,239,120)	(3,852,131)
Staff costs	3	(5,654,026)	(1,695,616)
Depreciation, amortisation and impairment losses		(1,142,980)	(12,781)
Operating profit/loss		(14,036,126)	(5,560,528)
Income from investments in group enterprises		(324,378)	0
Other financial income	4	49,988	851
Other financial expenses	5	(472,589)	(1,183,433)
Profit/loss before tax		(14,783,105)	(6,743,110)
Tax on profit/loss for the year		1,881,943	1,604,655
Profit/loss for the year		(12,901,162)	(5,138,455)
Proposed distribution of profit and loss:			
Retained earnings		(12,901,162)	(5,138,455)
Proposed distribution of profit and loss		(12,901,162)	(5,138,455)

Balance sheet, assets

DKK	Notes	2021	2020
Completed development projects	7	14,572,378	0
Development projects in progress	7	0	9,398,029
Intangible assets	6	14,572,378	9,398,029
Other fixtures and fittings, tools and equipment		1,544,802	308,676
Property, plant and equipment	8	1,544,802	308,676
Investments in group enterprises		117,122	0
Deposits		151,463	65,394
Financial assets	9	268,585	65,394
Fixed assets		16,385,765	9,772,099
Manufactured goods and goods for resale		1,365,730	0
Inventories		1,365,730	0
Receivables from group enterprises		52,993	0
Other receivables		1,043,650	1,427,848
Income tax receivable		1,842,550	406,865
Prepayments		98,758	224,020
Receivables		3,037,951	2,058,733
Cash		10,553,618	30,363,815
Current assets		14,957,299	32,422,548
Assets		31,343,064	42,194,647

Balance sheet, equity and liabilities

DKK	Notes	2021	2020
Contributed capital	10	934,901	934,901
Reserve for development expenditure		10,264,527	6,035,078
Retained earnings		14,284,053	31,401,712
Equity		25,483,481	38,371,691
Other payables		0	24,125
Non-current liabilities other than provisions		0	24,125
Bank loans		25,061	23,658
Trade payables		1,605,839	486,502
Other payables	11	1,016,906	939,418
Deferred income		3,211,777	2,349,253
Current liabilities other than provisions		5,859,583	3,798,831
Liabilities other than provisions		5,859,583	3,822,956
Equity and liabilities		31,343,064	42,194,647
Unrecognised rental and lease commitments	13		

Statement of changes in equity for 2021

DKK	Contributed capital	Reserve for development expenditure	Retained earnings	Total
Equity beginning of year	934,901	6,035,078	31,401,712	38,371,691
Exchange rate adjustments	0	0	12,952	12,952
Transfer to reserves	0	4,229,449	(4,229,449)	0
Profit/loss for the year	0	0	(12,901,162)	(12,901,162)
Equity end of year	934,901	10,264,527	14,284,053	25,483,481

Cash flow statement

DKK	Notes	2021	2020
Operating profit/loss		(14,036,126)	(5,560,528)
Amortisation, depreciation and impairment losses		1,142,980	12,781
Working capital changes	12	1,127,364	(386,314)
Cash flow from ordinary operating activities		(11,765,782)	(5,934,061)
Financial income received		49,988	851
Financial expenses paid		(472,589)	(1,183,433)
Taxes refunded/(paid)		446,258	37,948
Cash flows from operating activities		(11,742,125)	(7,078,695)
Acquisition etc of intangible assets		(6,071,999)	(1,849,388)
Acquisition etc of property, plant and equipment		(1,481,456)	(321,457)
Changes in other fixed assets		(86,069)	(43,561)
Creation of a subsidiary		(428,548)	0
Cash flows from investing activities		(8,068,072)	(2,214,406)
Free cash flows generated from operations and investments before financing		(19,810,197)	(9,293,101)
Cash increase of capital		0	41,376,350
Costs incurred during change of contributed capital		0	(1,797,410)
Cash flows from financing activities		0	39,578,940
Increase/decrease in cash and cash equivalents		(19,810,197)	30,285,839
Cash and cash equivalents beginning of year		30,363,815	77,976
Cash and cash equivalents end of year		10,553,618	30,363,815
Cash and cash equivalents at year-end are composed of:			
Cash		10,553,618	30,363,815
Cash and cash equivalents end of year		10,553,618	30,363,815

Notes

1 Going concern

The Company's growth strategy depends on further capital injection in 2022 as described in Management Commentary. Should Audientes not be able to secure timely further funding, it could have serious consequences for the company, including its ability to grow its business further and, ultimately, to continue operating.

Management is confident that the necessary funding will be provided and that Audientes is a going concern. Consequently, the financial statements have been prepared under this assumption.

2 Uncertainties and estimates

The preparation of Audientes financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on several factors in the given circumstances.

Valuation of development projects

Development projects consist of completed development projects, that are amortized over their useful lives. Completed development projects are assessed for impairment whenever there is an indication that the development asset may be impaired. The amortisation period for completed development projects are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation. The estimated values of intangible assets are based on Management estimates and assumptions and are by nature subject to uncertainty.

3 Staff costs

DKK	2021	2020
Wages and salaries	6,673,268	2,441,137
Pension costs	468,780	77,901
Other social security costs	61,522	8,863
Other staff costs	256,147	80,771
	7,459,717	2,608,672
Staff costs classified as assets	(1,805,691)	(913,056)
	5,654,026	1,695,616

Average number of full-time employees	8	4
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4 Other financial income

DKK	2021	2020
Exchange rate adjustments	49,988	851
	49,988	851

5 Other financial expenses

DKK	2021	2020
Other interest expenses	418,901	1,179,621
Exchange rate adjustments	53,688	3,812
	472,589	1,183,433

6 Intangible assets

DKK	Completed development projects	Development projects in progress
Cost beginning of year	0	9,398,029
Transfers	15,470,028	(15,470,028)
Additions	0	6,071,999
Cost end of year	15,470,028	0
Amortisation for the year	(897,650)	0
Amortisation and impairment losses end of year	(897,650)	0
Carrying amount end of year	14,572,378	0

Notes

7 Development projects

Audientes A/S has developed a platform of software and hardware technology that together creates an innovative hearing aid solution that can help millions of people around the world with hearing loss. For further description, please refer to the Management Commentary (Letter from the CEO).

8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost beginning of year	321,457
Additions	1,481,456
Cost end of year	1,802,913
Depreciation and impairment losses beginning of year	(12,781)
Depreciation for the year	(245,330)
Depreciation and impairment losses end of year	(258,111)
Carrying amount end of year	1,544,802

Investments in subsidiaries	Ownership share %
Audientes India Pvt. Ltd.	100.00

9 Financial assets

DKK	Investments in group enterprises	Deposits
Cost beginning of year	0	65,394
Additions	428,548	86,069
Cost end of year	428,548	151,463
Exchange rate adjustments	12,952	0
Impairment losses for the year	(324,378)	0
Impairment losses end of year	(311,426)	0
Carrying amount end of year	117,122	151,463

10 Share capital

DKK	Nominal value
Share Capital, 15.07.2014	222,222
Addition, 16.09.2015	63,200
Addition, 11.05.2016	4,262
Addition, 11.05.2016 (debt conversion)	26,369
Addition, 16.05.2017	35,819
Addition, 27.08.2018	16,858
Addition, 03.08.2020	25,030
Addition, 19.08.2020	38,276
Addition, 19.08.2020 (debt conversion)	2,865
Addition, 17.09.2020	500,000
	934,901

11 Other payables

DKK	2021	2020
Wages and salaries, personal income taxes, social security costs, etc payable	566,112	544,314
Holiday pay obligation	329,718	234,736
Other costs payable	121,076	160,368
Total	1,016,906	939,418

12 Changes in working capital

DKK	2021	2020
Change in inventory	-1,365,730	0
Increase/decrease in receivables	456,467	(1,635,006)
Increase/decrease in trade payables etc	2,036,627	1,248,692
Total	1,127,364	(386,314)

13 Unrecognised rental and lease commitments

DKK	2021	2020
Liabilities under rental or lease agreements until maturity in total	119,361	74,094

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises net capital or exchange gains on securities, payables and transactions in foreign

currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly

attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

- Other fixtures and fittings, tools and equipment 3 years
- Estimated useful lives and residual values are reassessed annually.
- Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and 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 operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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

Equity Story

A compelling investment case

A unique possibility in a high growth market

The WHO predicts that global number of people with disabling hearing loss will amount to 630 million by 2030 and 900 million by 2050. This is a result of an increasingly aging population, population growth in developing countries, as well as increased noise exposure from music played loudly in ears, and from the environment.

Market-ready 'all-in-one' solution

Audientes' self-fitting hearing aid leverages both eCommerce and OTC (over the-counter) channels, in unison with specialist hearing aid sales channels, to challenge both the complexity and cost of existing hearing aids, and to improve access to quality hearing solutions that are easy to use and maintain.

Uniquely clear positioning

Audientes has a unique and clear positioning in India's fast-growing middle class market segment, with our "high-quality, low-cost" products. This, coupled with new regulations in, for example, the USA enabling new growth markets within OTC creates a high potential growth roadmap across the world.

Strong team

Assembled in Denmark and India and with extensive commercialization expertise, the Audientes team is pursuing this huge market opportunity by disrupting existing practices and with the potential to become the fourth large successful Danish hearing health firm.



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FOUNDED

August 2014

AUDITOR

Deloitte
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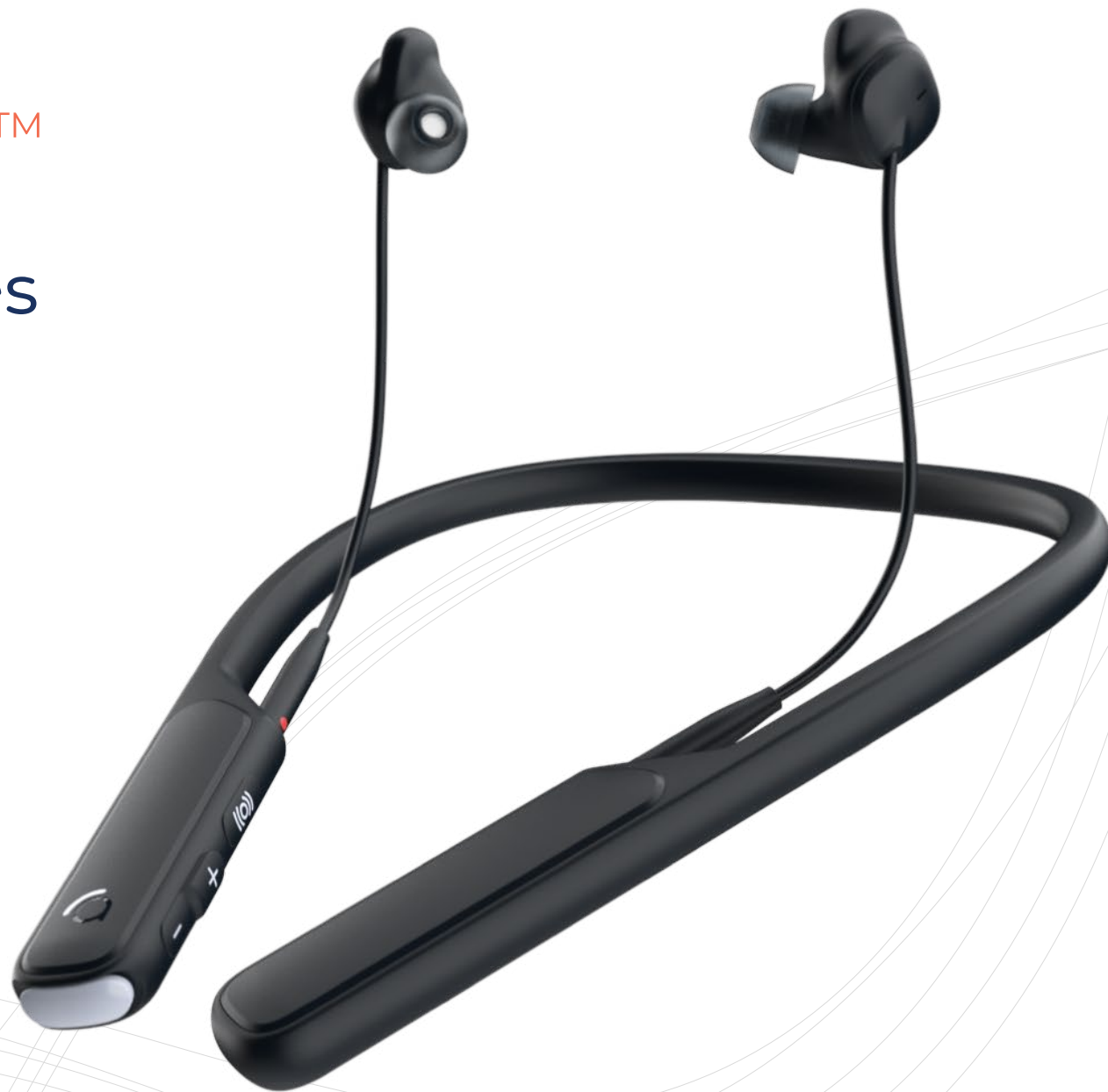
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