audientes

Annual Report 2024

CVR No. 36 04 76 31

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Audientes at a glance

Company Profile

Audientes A/S is a Danish hearing technology company dedicated to developing smart, self-fitting, and affordable hearing aids and advanced hearables. Our mission is to make high-quality solutions for hearing improvement and enhancement accessible to everyone who needs them globally.

Audientes is listed on the Spotlight Stock Market Denmark (ticker: AUDNTS) and is headquartered in Copenhagen, Denmark. We operate internationally through our subsidiaries in Hyderabad, India, and Tokyo, Japan, and hold a 40% stake in a joint venture with Shenzhen Hengtong Partner Co. Ltd. in China.

For more information, please visit: www.audientes.com | www.audientes.eu | www.audientes.co.jp | www.audientes.in

Or follow us on our social media channels.

Our Current Products

Ven™ by Audientes
Ven is a self-fitting, binaural hearing aid designed for individuals with severe to profound hearing loss in one or both ears. Featuring an industry-standard hearing test built into the device and Bluetooth functionality, Ven delivers the audio quality of a high-end digital hearing aid combined with the versatility of a next-generation Bluetooth headset.

Companion by Audientes
Companion is an advanced hearable that doubles as a premium Bluetooth headset, designed for individuals seeking enhanced hearing in specific situations. It offers crystal-clear sound, natural speech clarity, and seamless Bluetooth connectivity for calls and media streaming.

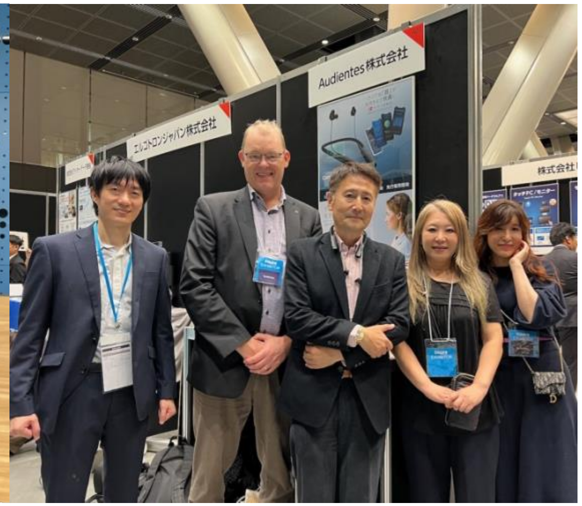
Audientes Progress in 2024

Progress Summary – Key Highlights

- Expanded international footprint with a new subsidiary in Japan and a joint venture in China (*ZhiYinYou Technology Ltd.*) in partnership with Shenzhen Hengtong Partner Company.
- Launched Companion in fully localized versions in China and Japan, supported by regional go-to-market strategies and new distribution partners.
- Regaining direct distribution responsibility in India, implementing focused sales and marketing efforts to improve commercial situation.
- Advanced product development with localization of Ven for Chinese regulatory compliance (NMPA) and initiated development of a new affordable classic hearing aid.
- Upgraded the Audientes App for iOS and Android with additional language support for key markets.
- Enhanced quality systems by progressing toward ISO 13485 certification, passing Stage 1 audit and implementing a similar QMS in the China joint venture.

Financial summary for Audientes Group

- Sales of products and of product development services totaled DKK 0.8 million in 2024, the relative low figure reflecting our early-stage commercial activity in new markets and the transition to an improved sales model in India.
- EBITDA improved to DKK -5.4 million (2023: DKK -7.3 million), with a net loss of DKK -10.5 million, down from DKK -13.4 million in 2023.
- Net funding of DKK 6.3 million secured in 2024 through a combination of cash contributions and debt conversions, with additional capital increase and debt conversion to equity of DKK 2.2 million in Q1 2025.
- Equity at DKK 1.2 million at year-end 2024 (2023: DKK 4.0 million).
- Cash position at year-end 2024 was TDKK 10, with ongoing funding efforts including a planned bond issuance in Q2 2025.
- Intangible assets and inventory were valued at DKK 4.7 million and DKK 2.1 million respectively, reflecting readiness for the 2025 product rollout.



Letter from the CEO

Dear Shareholders, Partners, and Stakeholders,

I am pleased to share the achievements of the global Audientes team in 2024, along with our reflections on the year as a whole.

2024 has been a year of strategic progress, market expansion, and key operational milestones. Across our core markets - China, Japan, India, and Europe - we have strengthened partnerships, expanded distribution networks, launched localized products, and advanced our product development roadmap.

While we did not recognize as much revenue from product sales in 2024 as earlier expected, because it took longer to localise products and achieve go-to-market readiness in our new markets, we did manage to diversify our sources of income, including licensing revenue from our joint venture in China, which will be recognized in the future, and generate some initial revenue from design and development services.

As we move into 2025, our focus remains clear: scaling our business, expanding our product portfolio, strengthening key partnerships, and ensuring financial sustainability to create long-term value for our stakeholders.

Increased focus on Europe

Audientes welcomed in Q4 2024 Stefan Lundström as European Sales and Marketing Director, leveraging his extensive experience in consumer electronics for wellness products to lead expansion efforts across key European markets.

Europe presents tangible growth opportunities for Audientes in 2025, driven by marketing and sales initiatives with a strengthened team and partners in place. We have already intensified our marketing and sales efforts in “near-home” markets, including the Nordics and select European countries. Audientes is actively expanding its retail and distribution network, targeting pharmacies, opticians, and consumer electronics retailers across Europe throughout 2025.

We are scaling our nascent e-commerce presence in Europe through partnerships with local etailers, providing consumers with easier access to our products. For instance, we are preparing to launch on Amazon with a strategic regional partner in multiple European markets.

These initiatives position 2025 as a transformative year for Audientes in the European region.

Expanding Market Presence in Japan in 2025

In 2024, Audientes made steady progress in Japan, laying the foundation for strong growth in 2025 and beyond. Over 1,000 fully localized Companion products tailored to Japanese market needs were successfully prepared and shipped to Japan.

A crowd-based online marketing campaign on a local crowdfunding platform engaged consumers and drove product awareness in Q4 2024, with initial customer shipments completed in December 2024.

Retail expansion is a key focus, with TD SYNNEX leading distribution and etailers gradually onboarded to enhance availability on Amazon, Yahoo and Rakuten. To further strengthen market presence, a TV shopping campaign is being planned, leveraging Japan’s home shopping culture and opportunities in the Silver Market.

With a localized product, strategic distribution, innovative marketing, and expanding sales channels, coupled with focus on OEM and licensing partnerships, should see sales growing substantially in Audientes in Japan during 2025.

China market progress

In 2024, Audientes invested much time and resources in preparing for the Chinese market availability of ZhiYinYou, the localized version of our Companion product. The marketing efforts of our partner Hengtong have been gradually ramping up during the latter part of 2024.

Reinforcing the substantial market potential in China, we agreed in Q4 2024 to deliver over 1,300 units to Hengtong (including the original order), in steps according to Hengtong’s needs.

Additionally, our Ven hearing aid is set to debut as a medical-grade solution for the Chinese market, brought to market via our joint venture, further expanding our product portfolio. Ven is expected to be registered as a medical device by the Chinese National Medical Products Administration (NMPA), allowing sales to commence and ramp up from 2026.

Our partnership with Hengtong, established in 2023, has continued to strengthen, with their strategic investments in Audientes in July 2023, June 2024, and November 2024, demonstrating their long-term commitment to our shared growth.

Joint venture with Hengtong operational

In November 2024, Audientes’ joint venture with Shenzhen Hengtong Partner Co. was officially registered as ZhiYinYou Technology Limited, focusing on the development, manufacturing, and future sales of medical-grade hearing aids and other smart hearing solutions.

The joint venture will research and develop new innovative product concepts and technologies within the field of augmented hearing solutions, with emphasis on great AI-enabled user experiences leveraging Audientes self-fitting hearing aid technology and platform.

Audientes will initially hold a 40% stake in the joint venture and contributes on a license-basis its flexible software & hardware platform for hearing aids and hearables, plus certain components.

Through this joint venture, Audientes will generate sales revenue from software & hardware platform licensing fees, plus NRE fees (Non-Recurring Engineering charges) for design and development services e.g. related to the updated Ven hearing aid product and subsequent RIC-style hearing aid and other products. This collaboration is expected to unlock significant growth potential in China while also laying the groundwork for export opportunities and introduction in e.g. India, MENA and other regions over time.

India Market Expansion and Strategic Developments

India remains a priority market for Audientes, even following the challenges we have had in the market with the previous channels and business partners. Following extensive preparatory efforts in 2024, Audientes entered a frame supply agreement with SimplyJITH Investment Corporation, an entrepreneurial organisation with activities in many areas incl. consumer electronics and services. While still in its early stages, this collaboration is expected to start having an impact in 2025 and will provide export opportunities. Markets in scope include countries in Asia, the Middle East, and Africa.

With Ven™ is already available in India and Nepal through online and offline channels, Audientes is also discussing with local partners for creating its future Behind-the-Ear (BTE) / Receiver-in-Canal (RIC) hearing aid, which will be specifically adapted for the Indian market, subject to the local approval process. We believe this product concept will be the best way to make further inroads to the Indian market for affordable and accessible quality hearing aids.

Expanding Product Availability and Regional Reach in MENA
One of the key roles of our Indian subsidiary is to develop markets across the Middle East, Africa, and Asia, aligning with our mission to bring hearing solutions to underserved markets.

We recently announced a new partnership with Audivista in January 2025, an innovative provider of hearing solutions based in Istanbul, Turkey. Audivista has strong connections in the Middle East and North Africa (MENA) region, leveraging traditional sales channels, government procurement networks, and implementing a robust e-commerce strategy. This partnership aligns with Audientes' mission to deliver life-changing hearing solutions to global markets, emphasizing accessibility and long-term impact.

Audivista's very experienced team, with many years of expertise in hearing healthcare and a commitment to innovation and accessibility, is well-positioned to market Audientes' self-fitting hearing aids and hearables. They aim to focus on the 95% of unmet demand for hearing aids in the region, not only driving product distribution but also leading educational initiatives aimed at empowering individuals with hearing impairments - helping to close the hearing care gap.

Initial sales projections from this partnership exceed DKK 4 million over the next two years in the MENA region while also establishing a presence in the important Turkish market, being a gateway to both the EU and Asia.

Product Development Progress
Today, Audientes have developed and had manufactured affordable, self-fitting hearing solutions for regulated and non-regulated markets, designed to improve the quality of life for millions globally. Our initial Ven hearing aid product and three derivative product variants of our Companion product are commercially available.

Audientes continues to progress the design and development of our future Behind-the-Ear (BTE) / Receiver-in-Canal (RIC) hearing aid. Availability is targeted for 2026, subject to securing the necessary financing and approvals.

The new hearing aid is expected to be created and manufactured in collaboration with licensing partners, leveraging Audientes software & hardware platform to reduce working capital needs.

Capitalization Efforts & Financial Position
To strengthen our financial position and support long-term growth, Audientes undertook several financing measures in 2024, including:

- **Rights Issue (Q2 2024):** Raised DKK 1.8 million to support market entry in Japan and China and expansion in Europe and India.
- **Directed Issue (Q4 2024):** Raised DKK 1.3 million to support business growth.
- **Debt Conversions:** Converted in connection with these two share issues DKK 5.3 million in trade debt and convertible loans to equity, strengthening the balance sheet without raising cash.

Audientes has throughout 2024 followed step-wise capitalization roadmap and will be seeking additional funding in 2025, ideally through non-dilutive financing. However, equity-based options, including debt conversion for trade debt and convertible loans, will also be considered.

New financing initiatives are being pursued to ensure the necessary capital is available for Audientes to meet its financial obligations and support its ongoing operations, including:

- **Corporate Bond Issuance (expected in April 2025):** Audientes is working to secure EUR 2 million through a corporate bond on the Bulgarian Enterprise Accelerator Market (BEAM), in collaboration with MK Brokers JSC. This non-dilutive funding will support expansion and enable the company to redeem existing convertible loans.
- **Loan-based financing:** when this is suitable and available at commercially acceptable terms and conditions, in connection with the aforementioned sources of financing.
- **Further directed issues:** To fund growth and operations in connection with the non-dilutive financing options.

This approach is expected to bring Audientes close to operational cash flow breakeven in 2026.

Business performance in 2024
Sales of products and product development services (included in "other income") amounted in total to DKK 0.8 million in 2024, which was below the most recent outlook for product sales and product development services of DKK 1.5 to 2.5 million for 2024, reflecting longer-than-expected ramp-up in new markets and a transitional year for commercial operations.

EBITDA for 2024 amounted to DKK -5.4 million, within the lower end of the previously communicated range of DKK -4.5 to -5.5 million.

Looking ahead
Looking ahead to 2025, with a stronger market presence, an expanded product portfolio, and improved financial positioning following planned the Corporate Bond issuance, Audientes highly anticipates an improved operating result. The combination of increased sales, licensing revenue, product creation services revenue, and strategic funding initiatives is expected to drive the company closer to operational profitability while strengthening our long-term growth trajectory.

I remain confident in our strategic direction, supported by our team's dedication and the continued trust of our shareholders, partners, and employees.

Thank you for your ongoing support. Together, we are making smart hearing solutions more accessible worldwide.

Steen Thygesen, CEO, Audientes A/S

Reference is made to note 1 "Going concern".

Financial highlights for the Group

DKK '000	2024	2023	2022	2021	2020
Income statement					
Revenue	630	1,266	79	-	-
Other operating income	1,068	1,395	856	214	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	-5,379	-7,299	-14,058	-13,244	-5,672
Earnings before interest and tax (EBIT)	-10,670	-12,213	-23,817	-14,387	-5,685
Profit/loss for the year	-10,733	-13,405	-24,362	-12,901	-5,138
Balance sheet					
Intangible assets	4,719	8,750	11,009	14,572	9,398
Inventories	2,084	3,429	4,647	1,366	-
Cash and cash equivalents	9	434	6,948	10,554	30,364
Total assets	8,784	14,394	26,601	31,454	42,195
Equity	1,199	4,020	13,049	25,484	38,372
Cash flow					
Cash flow from operations activities	-5,669	-8,771	-14,644	-12,171	-7,079
Cash flow from investing activities	-1,048	-1,913	-5,680	-7,639	-2,214
Free cash flow	-6,717	-10,684	-20,324	-19,810	-9,293
Cash flow from financing activities	6,292	4,170	16,718	-	39,579
Net cash flow for the year	-425	-6,514	-3,606	-19,810	30,266
Other key figures and ratios					
Equity ratio in %	13.6%	27.9%	49.1%	81.0%	90.9%
Average number of full-time employees	5	11	16	8	4
Earnings per share (in DKK)	-0.05	-0.30	-1.28	-1.38	-0.79
No. of shares beginning of the year	59,384,318	28,747,020	9,349,010	9,349,010	3,687,300
No. of shares end of the of year	399,411,640	59,384,318	28,747,020	9,349,010	9,349,010
Average number of shares in the year	229,397,979	44,065,669	19,048,015	9,349,010	6,518,155

In 2024, the nominal value per share was reduced from DKK 0.10 to DKK 0.01

Financial review 2024 for the Group

The financial review will be based on the performance for the Group except when otherwise indicated.

Revenue

Revenue from sales of hearing aid devices amounted in 2024 to DKK 0.6 million compared to DKK 1.3 million in 2023 and related primarily to final delivery of pre-paid products for the Chinese distributor Shenzhen Hengtong Partner Company Ltd. ordered in Q2 2023.

Other operating income

Other operating income of DKK 1.1 million compared to DKK 1.4 million in 2023 related beside to support from the Danish Market Development Fund of DKK 0.9 million (in total support of DKK 3.4 million, which are recognized over four years beginning in 2021), to sale of R&D related consultancy hours to licensee of DKK 0.2 million.

Staff costs

Staff costs amounted in 2024 to DKK 3.0 million compared to DKK 5.4 million in 2023 – the decrease driven by the earlier downsizing of the organization in both Denmark and India. The average number of full-time employees amounted in 2024 to 5 employees compared to 11 employees in 2023.

Operating profit/loss

Operating profit/loss was in 2024 DKK -10.7 million compared to DKK -12.2 million in 2023, the improvement driven especially by lower staff costs.

Financial items

In 2024, net financial income and expenses amounted to DKK -0.4 million or DKK 1.5 million lower than in 2023 – driven by lower interest expenses due to new non-interest-bearing convertible loans and lower fees related to loan taken.

Profit/loss for the year

Tax for the year is calculated to an income of DKK 0.3 million related to expected Credit Scheme disbursements under the Danish Tax Prepayment Credit, compared to an income of DKK 0.7 million in 2023. The lower tax income is related to lower development costs in 2024.

The loss for the year 2024 thus amounts to DKK -10.7 million compared to DKK -13.4 million in 2023.

Capitalization of development projects

During 2024, Audientes continued the development of its hearing aid concept consisting of software and hardware technology that together create an innovative hearing aid solution.

In 2024, DKK 0.9 million was capitalized under development projects compared to DKK 2.1 million in 2023. Capitalized development costs end of 2024 hereafter amounted to DKK 17.0 million, where of DKK 0.5 million related to redesign of products etc. to be marketed from 2025.

The booked value of development projects amounted to DKK 4.7 million end of 2024 compared to DKK 8.8 million end of 2023.

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

Inventories

Inventories amounted to DKK 2.1 million end of 2024, which correspond a drop of DKK 1.3 million from the end of 2023, where of DKK 0.7 million related to sale of electronic components to Audientes’ supplier hereof and DKK 0.2 million to contributed inventory as share capital in associated company. The inventory primarily consists of finished goods.

Receivables

Receivables from sales amounted to DKK 0.3 million end of 2024 and relate to sales in late Q4 2024. The trade receivables have in 2024 been reduced by a further provision for bad debt of DKK 0.4 million due to consideration of prudence, where after the overdue trade receivables from sales in Q2 2023 are capitalized at DKK 0 million. Legal measures to collect the overdue receivable are imminent. Trade receivables amounted to DKK 0.4 million end of 2023.

End of 2024, Other receivables amounted to DKK 0.2 million compared to DKK 0.2 million end of 2023 and consisted primarily of VAT receivables.

Tax receivable amounted end of 2024 to DKK 0.3 million and consist of tax credit from the Credit Scheme disbursement under the Danish Tax Prepayment Scheme regarding development costs. The tax receivable amounted to DKK 0.7 million end of 2023 which were received in November 2024.

Prepayments amounted to DKK 0.9 million end of 2024 compared to DKK 0.1 million end of 2023 – the increase driven by Investor Relations related costs.

Equity

In April 2024, the nominal value per share was reduced from DKK 0.10 to DKK 0.01. Furthermore, a capital reduction of DKK 6.2 million (corresponding to 624,458,900 shares) to cover deficits were executed.

Outcome from carrying out of right issue, direct issues and conversion of loans and debt have in 2024 increased the equity by DKK 8.4 million before expenses related to capital increases of DKK 0.6 million.

Including a net loss in 2024 of DKK -10.7 million, the equity decreased from DKK 4.0 million at the end of 2023 to DKK 1.2 million at the end of 2024.

The solvency ratio was 13.6% at the end of 2024 compared to 27.9% end of 2023.

At the end of 2024, contributed capital amounted to DKK 4.0 million. With reference to “Lov om aktie- og anpartsselskaber” § 199, more than 50% of the contributed capital is lost. The Management feel confident, that the contributed capital will be reestablished by both funding events and future profit.

In early March 2025, a conversion of convertible loans of DKK 1.0 million to equity have been executed and in late March 2025 a subsequent directed issue and debt conversion to equity of a total of DKK 1.2 million was executed as a further strengthening of the contributed capital and equity.

Current liabilities other than provisions

Current liabilities other than provisions end of 2024 totalled DKK 7.5 million compared to DKK 10.3 million end of 2023. The decrease of DKK 2.8 million related to conversion of convertible loans to equity of DKK 2.4 million and to decrease in “Deferred income” of net DKK 1.3 million driven by recognition of periodized support from Danish Market Development Fund DKK 0.9 million and final delivery of pre-paid products to Chinese distributor DKK 0.6 million – only partly compensated by new loans taken of DKK 0.7 million and increase in trade payables/ other payables of DKK 0.2 million.

Cash flow
End of 2024, cash and cash equivalents amounted to DKK 0.0 million compared to DKK 0.4 million at end of 2023.

Cash flow from operations before change in working capital amounted to DKK –5.1 million compared to DKK –6.9 million in 2023 - the improvement related to the lower negative EBITDA.

Change in working capital was in 2024 negative with DKK -0.9 million compared with negative by DKK -1.9 million in 2023 – driven by the decrease in trade payables and other payables of DKK -1.1 million and increase of receivables of DKK -1.1 million, only partly compensated by reduced investment in inventories DKK 1.3 million.

After financial expenses, net paid and tax refunded, net, cash flow from operating activities amounted to DKK –5.7 million in 2024 compared to DKK –8.8 million in 2023.

Cash flow from investing activities amounted in 2024 to DKK -1.0 million compared with DKK -1.9 million in 2023 driven especially by lower investments in intangible assets.

Free cash flow amounted in 2024 to DKK -6.7 million compared with DKK -10.7 million in 2023.

Cash flow from financing activities amounted in 2024 to DKK 6.3 million and consisted of cash increase of capital of net DKK 2.6 million, by new loans taken of DKK 0.7 million, by conversion of trade payables/other payables of DKK 2.8 million and by capital contribution from minority interest in subsidiary of DKK 0.2 million.

Cash flow from financing amounted in 2023 to DKK 4.2 million.

The decrease in cash and cash equivalents amounted in 2024 to DKK -0.4 million compared to DKK -6.5 million in 2023.

Proposal for disposition of Audientes' result
The shareholders in Audientes A/S' share of loss for 2024 of DKK -10.5 million is suggested transferred to "Retained earnings" in equity.

The Board furthermore propose that no dividend to be paid for the financial year 2024.

Events after the balance sheet date
Securing additional growth capital remains a critical priority for Audientes, essential to meeting the Company's financial requirements for core operations, market expansion, product development, and medical device regulatory approvals, among other strategic initiatives. As communicated throughout 2024, Management continues to actively assess a range of financing alternatives aimed at securing the necessary funding in the near to intermediate term, while working toward establishing a sustainable long-term business model.

Failure to obtain sufficient and timely funding could have material consequences, including limiting the Company's ability to execute on its growth plans and, ultimately, its ability to continue operations.

During 2024, Audientes secured net funding of DKK 6.3 million through a combination of rights issues, directed issues, and debt-to-equity conversions. In early March 2025, a further conversion of convertible loans added DKK 1.0 million to equity and additionally, in late March 2025, Audientes completed a directed issue, securing an additional DKK 0.4 million in cash and DKK 0.8 million through debt conversion, further strengthening the Company's capital base and balance sheet.

In February 2025, Audientes engaged a financial advisor specializing in bond issuances and capital market transactions in Bulgaria. This advisor is supporting the structuring, placement, and execution of a corporate bond issuance of up to DKK 15 million (approx. EUR 2 million), planned for early Q2 2025, with the objective of securing liquidity to support continued market expansion, product development, and fulfilment of financial obligations.

No other events have occurred after the balance sheet date that significantly affect the assessment of Audientes' financial position.

Going concern
Despite securing net funding of DKK 6.3 million during 2024, including conversion of debt, and further net funding in March 2025 of in total DKK 2.2 million related to both debt-conversion and capital increase in cash, liquidity remains a challenge for Audientes in order to develop the company commercially and execute on its business plans.

The Company's ability to carry out its planned activities in 2025 is fully dependent on securing additional capital, as well as the prolongation, refinancing, or conversion of existing convertible loans, and the successful execution of the sales budget for the year.

The 2025 budget is based on a set of commercial and operational assumptions reflecting Audientes' strategic focus on expanding sales of the Ven hearing aid and the Companion consumer electronics product across key markets, including India, China, Japan, Europe and the Middle East. Revenue projections assume ramp-up in China, Japan, Europe, and initial market entry in select Middle Eastern countries through the Audivista partnership. Moderate sales are also anticipated from renewed efforts to activate e-commerce and local distribution in India. The budget further reflects the planned consumption of existing inventory, continued lean operations, and cost-optimization initiatives. It also assumes the successful completion of a corporate bond issuance in Q2 2025, along with additional capital injections or loan refinancing to support ongoing operations, product development, and regulatory progress.

Management fully acknowledges the commercial and financial risks associated with these assumptions. However, while uncertainties exist, it is Management's assessment that the Company qualifies as a going concern. Additional funding will be required in the coming months, and to that end, Management is actively working with financial and strategic advisors and is engaged in ongoing dialogue with stakeholders and potential investors to secure the necessary capital.

Reference is made to note 1: Going concern.

Risk management

Macroeconomic, Political, and Regulatory Risks

Macroeconomic Risk

Audientes' financial performance is subject to macroeconomic conditions, including inflation, interest rates, and global economic slowdowns. Rising costs of raw materials, components, and shipping could increase the company's production expenses, potentially reducing profitability. Additionally, economic downturns in key markets could weaken consumer purchasing power, leading to lower demand for Audientes' products.

Political Risk

Geopolitical tensions and armed conflicts in various regions pose risks to Audientes' operations. International sanctions, trade restrictions, or disruptions in supply chains due to conflicts could impact the company's ability to manufacture and distribute its products. Although Audientes currently does not experience material disruptions due to international conflicts, future instability could pose significant challenges in supply chain management, market access, and sales performance.

Regulatory Risk

Audientes operates in a highly regulated industry, as its core strategy involves selling medical-grade hearing aids requiring approvals in multiple markets. Delays or failures in obtaining needed regulatory approvals in targeted markets could hinder market access and sales potential. To mitigate this risk, Audientes has engaged regulatory experts and may, if necessary, sell certain products as non-medical sound amplification devices (PSAPs or ALDs) to bypass lengthy approval processes for medical devices. However, any regulatory changes or unexpected requirements could still delay market entry and impact business performance.

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Risk Factors Related to Audientes

Credit Risk

Audientes' financial stability depends on its ability to generate sufficient revenue from its current products, Ven™ and the Companion-family of products, and future products from 2026 and onwards. The company is still in the early commercial phase, having launched its products in 2022 and 2023. If market demand does not reach anticipated levels, Audientes may struggle to generate adequate cash flow to meet its financial obligations, including bond repayments. Additionally, the company's growth strategy relies on securing further working capital 2025. Failure to obtain financing through this corporate bond issue, public or private placements, loans, or grants could negatively impact operations and liquidity.

Operational Risk

Operational risks arise from various aspects, including product development, supply chain management, and dependency on external partners. Delays in product development or failure to bring new products to market as scheduled could impact revenue generation and cash flow. Additionally, disruptions in the supply of key components, increased production and shipping costs, or a termination of agreements with Audientes' current manufacturing partner (OSM Global AB) or future production partners could severely impact the company's ability to manufacture and distribute products efficiently.

Furthermore, as a small-sized company, Audientes is highly dependent on key management personnel, particularly the CEO and CTO. The loss of these individuals could affect business continuity, product development, and strategic execution.

Currency Risk

Audientes operates in multiple international markets, including India, China, Japan, India, the MEA region, and Europe. The company sources materials and manufactures products in different regions, primarily in China, making it susceptible to fluctuations in exchange rates. Unfavourable currency movements could impact the cost of production and the price competitiveness of its products in different markets. Additionally, fluctuations in currency values may affect the company's financial results and ability to service its debt obligations.

Board of Directors and Management

Hossein Jelveh, Chairman, CTO & Founder

Chairman since 10/03/2024.

Founder of Audientes in 2014, CTO since 27/08/2018. Hossein founded Audientes in 2014. He has worked in product R&D for over 30 years and has broad experience in the hearing aid industry, the wireless industry, and the mobile/medical device domain, as well as 20+ years of SW architect and development experience. Until 2020, Hossein was a member of Audientes' Board of Directors and Chairman since March 2024. 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

Owns 24,158,888 shares in Audientes A/S privately and through a fully controlled holding company Jelveh Holding ApS. Privately holds 2,700,000 warrants in Audientes A/S.

Steen Thygesen, Board member, CEO

Board member since 08/03/2024.

Joined Audientes in October 2017 and CEO since 27/08/2018. Steen holds an MBA from London Business School and a Bachelor of Science in Electrical Engineering from Copenhagen University College. He has held executive positions within strategy, sales and management in technology companies such as Star, Nokia, Microsoft, 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 and again from March 2024. Since 2016, Steen has been a mentor at DTU Science Parks' Deep Tech mentoring program.

Owns privately 51,500,727 shares in Audientes A/S. Privately holds 6,700,000 warrants in Audientes A/S.

Hiroshi Maeda, Board member

Board member since 08/03/2024.

Hiroshi is a graduate of the State University of New York. He has held a number of strategic positions in companies such as Motorola, where he was responsible for launching the mobile phone business, as well as director of business strategy for smartphone platforms at Symbian, Microsoft and Nokia. He has over 30 years of experience in launching new business units and building alliances in the tele-communications, Mobile communication and ICT industries. Since 2015, he has established Japan subsidiaries and held director positions for Wiko, Cloudmade and Star. Today, he is part of United International Group and has established United Innovations Co., Ltd. in Japan.

Owns privately 9,257,627 shares in Audientes A/S.

Wendi Ma, Board member

Board member since 04/01/2024.

Wendi has a degree in Business Administration from Shangtao University, China. He is an experienced professional in business collaborations between Nordic companies and China. Wendi has worked with Scandinavian companies like Hästens AB, SensoDetect AB, and Vibrosense Dynamics AB. Wendi serves as a board member at SensoDetect AB and Scandinavian Medicon Invest AB. Wendi is also the Director of International Business in China at Scandinavian Executive Education & Research AB, and the CCIC Representative Officer in Scandinavia. He represents companies like Guangzhou Pharma, Nextcell Pharma AB, Diamyd AB, Midsona AB, Vidasal AB, Acrilex AB, and Ternicol AB.

Owns privately 5,210,825 shares in Audientes A/S

Shareholder information

Audientes Shares

At the end of 2024, the Audientes share closed at DKK 0.0176 (2023: DKK 0.10), corresponding to a market capitalization of approximately DKK 7 million (2023: DKK 6 million). Audientes is a commercial-stage company, with expectations of a strong news flow in 2025 as it advances its business activities.

Share capital

In 2024, the nominal value per share was reduced from DKK 0.10 to DKK 0.01.

As of December 31, 2024, Audientes' share capital amounted to a nominal DKK 3,994,116, divided into 399,411,600 shares of DKK 0.01 each.

As of April 10, 2025, the share capital had increased to DKK 5,779,207.21, comprising 577,920,721 shares. The company has a single class of shares, and all shares carry equal voting rights.

Ownership Structure

As of April 10, 2025, Audientes A/S had more than 2,170 shareholders registered by name, compared to over 2,350 at the end of 2023.

As of April 10, 2025, three shareholders had declared a shareholding of more than 5%:

Shareholder	No. of shares	Holding, %
Kogai Invest AB	103,008,745	17.82%
Steen Thygesen	51,500,727	8.91%
Shenzhen Hengtong Partner Company Ltd.	29,876,223	5.17%

As of April 10, 2025, the current members of the Company's Board of Directors and the Management held a total of 15.60% of the share capital.

Shareholder	No. of shares	Holding, %
Steen Thygesen	51,500,727	8.91%
Hossein Jelveh and Jelveh Holding ApS*	24,158,888	4.18%
Hiroshi Maeda	9,257,627	1.60%
Wendi Ma	5,210,825	0.90%
Total	90,128,067	15.60%

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

Warrant Program

Audientes has an incentive program in place comprising warrants granted to members of the Board of Directors, the Executive Management, and employees of the company.

The main terms of the warrant programs are outlined in the company's Articles of Association, available on Audientes' website at www.audientes.com.

In 2024, the company did not issue any new warrants.

The Board of Directors is authorized to issue 531,590,500 additional warrants with a total nominal value of approx. DKK

Share data

Market:	Spotlight Stock Market
Industry:	Denmark Healthcare
ISIN code:	DK0061406618
Ticker:	AUDNTS
Share capital:	DKK 5,779,207.21
Nom. value per share:	DKK 0.01
No. of shares:	577,920,721
Votes:	One share carries one vote

Share data as per April 10, 2025.

Financial Calendar

May 8, 2025	May 29, 2025	August 29, 2025	November 21, 2025	February 24, 2026
Annual General Meeting 2025	Q1 2025 reporting	Q2/half-year 2025 reporting	Q3 2025 reporting	Q4/end of year 2025 reporting

Investor relations

Audientes is committed to maintaining an open and ongoing dialogue with shareholders, potential investors, and the broader public. To support transparency and shareholder engagement, all shareholders are encouraged to register in the company's shareholder register in accordance with the Articles of Association.

Shareholders are also invited to subscribe to the company's news service via the Audientes website at www.audientes.com to stay informed about company updates and developments.

Annual General Meeting 2025

The company's Annual General Meeting will be held on May 8, 2025, at 15:00 (3:00 p.m.) (CEST) at Slotsmarken 18, 2970 Hørsholm, Denmark.

The Board of Directors recommends that no dividend be distributed for the financial year 2024 and that the net loss for the year, amounting to DKK -10.522 million, be carried forward to the following financial year.

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Further information

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

Steen Thygesen, CEO
Email: steen.thygesen@audientes.com

Audientes A/S
Slotsmarken 18
2970 Hørsholm

Tel.: +45 77 34 16 80

www.audientes.com

Statement by the Board of Directors and Management

The Board of Directors and the Management have today considered and approved the annual report of Audientes A/S for the financial year 2024.

The consolidated financial statements and the Parent Company's financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2024 and of the results of its operations and cash flows for the financial year 2024.

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

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

Hørsholm, April 11, 2025

Management

Steen Thygesen

Hossein Sandfeld Jelveh

Board of Directors

Hossein Sandfeld Jelveh

Steen Thygesen

Hiroshi Maeda

Wendi Ma

Independent auditor's report

To the shareholders of Audientes A/S

Adverse opinion

We have audited the consolidated financial statements and the parent financial statements of Audientes A/S for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, due to the significance of the matters specified in the "Basis for adverse opinion" section, the consolidated financial statements and the parent financial statements do not present a true and fair view of the Group's and the Parent's financial position at 31.12.2024 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for adverse conclusion

The consolidated financial statements and the parent financial statements are presented on the assumption that the Company is a going concern. As mentioned in Note 1, the Group's ability to continue as a going concern depends on renegotiating and extending existing credit facilities and raising sufficient additional liquidity to finance the continued operations of the Group.

However, at this point in time, we cannot be certain. The company's management has not been able to provide proper documentation for this, and therefore we express a reservation that the annual financial statements have been prepared on a going concern basis.

Note 2 to the consolidated financial statements and the parent financial statements refers to the uncertainty connected with recognising and measuring the Group's development projects, recognised at DKK 4,719 thousand.

The value of the development projects directly depends on the Group meeting the estimated sales targets and the additional financing requirements specified in Note 1. Otherwise, the recoverable amount will be significantly lower than the carrying amount.

Moreover, Note 2 to the consolidated financial statements and the parent financial statements also refers to the uncertainty connected with recognising and measuring the Group's and the Parent's inventories, recognised at DKK 2,084 thousand and DKK 316 thousand, respectively. The Group's ability to sell the remaining inventories depends on the additional financing requirements specified in Note 1 and, most importantly, on the existence of buyers for the hearing aids produced. Management does not assess that any impairment of the remaining inventories is indicated.

Note 2 to the consolidated financial statements and the parent financial statements refers to the uncertainty connected with recognising and measuring the Parent's receivable from the subsidiaries Audientes India Pvt. Ltd. and Audientes Company Limited, recognised at DKK 0.8 million. The subsidiaries' ability to pay the receivable directly depends on the Group meeting the estimated sales targets on the Indian and Japanese market and the additional financing requirements specified in Note 1. Otherwise, the net realisable value will be significantly lower than the carrying amount.

As previously outlined, we consider it unlikely that the Group will meet the additional financing requirements specified in Note 1, which will significantly affect the value of the individual types of assets as specified above:

We believe that, in the consolidated financial statements, the development projects will be negatively affected by an amount between DKK 0-4.7 million and that inventories will be negatively affected by an amount between DKK 0-2.0 million. The total impact on the Group's assets is then DKK 0-6.7 million, which, equivalently, will negatively affect the results for the year before tax and equity.

We believe that, in the parent financial statements, the development projects will be negatively affected by an amount between DKK 0-4.7 million, that inventories will be negatively affected by an amount between DKK 0-0.3 million, and that the receivable from the subsidiaries in India and Japan will be negatively affected by an amount between DKK 0-0.8 million. The total impact on the Parent's assets is then DKK 0-5.8 million, which, equivalently, will negatively affect the results for the year before tax and equity.

Consequently, we give a qualified opinion as to the measurement of the assets mentioned above.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

As evident from the matter described in the "Basis for Adverse conclusion" section of our report, our opinion on the financial statements is modified due to the fact that the consolidated financial statements and the parent financial statements have been presented as going concern to which we disagree in. Further, in our opinion, the management commentary should have reflected the significant uncertainties related to recognition and measurement as described in the "Basis for adverse opinion" section above. We have concluded that, for this reason, the management commentary is materially misstated as, in our opinion, the management commentary should have reflected these circumstances.

Copenhagen, April 11, 2025

Christensen Kjærulff
Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

Consolidated financial statements and Parent Company financial statements

Income statement for 2024

DKK´000	Note	Group 2024	Group 2023	Parent 2024	Parent 2023
Revenue		630	1,266	1,346	126
Own work capitalized		813	1,350	813	1,350
Other operating income		1,068	1,395	1,068	1,395
Cost of goods sold		-522	-1,133	-1,062	-260
Other external costs		-4,415	-4,760	-3,599	-4,241
Gross profit/loss		**-2,426**	**-1,882**	**-1,434**	**-1,630**
Staff costs	3	-2,953	-5,417	-2,284	-4,577
Depreciation, amortization, and impairment losses	7, 9	-5,291	-4,914	-5,291	-4,901
Operating profit/loss		**-10,670**	**-12,213**	**-9,009**	**-11,108**
Share of profit/loss in subsidiaries	11	-	-	-1,645	-1,129
Share of profit/loss in associates	12	-	-	-	-
Other financial income	4	649	113	634	113
Other financial expenses	5	-1,030	-1,971	-823	-1,947
Profit/loss before tax		**-11,051**	**-14,071**	**-10,843**	**-14,071**
Tax on profit/loss for the year	6	318	666	321	666
Profit/loss for the year		**-10,733**	**-13,405**	**-10,522**	**-13,405**
Hereof minority interest' share of loss		**211**	**-**	**-**	**-**
Shareholders in Audientes A/S' share of loss		**-10,522**	**-13,405**	**-10,522**	**-13,405**
Proposed distribution of profit/loss:					
Retained earnings				-10,522	-13,405
Proposed distribution of profit/loss				**-10,522**	**-13,405**

Balance sheet - assets as of December 31

		Group		Parent	
DKK´000	**Note**	**2024**	**2023**	**2024**	**2023**
Completed development projects	7, 8	4,184	8,573	4,184	8,573
Development projects in progress	7, 8	535	177	535	177
Intangible assets	7, 8	**4,719**	**8,750**	**4,719**	**8,750**
Other fixtures and fittings, tools and equipment	9	37	393	-	356
Tangible assets		**393**	**37**	**0**	**356**
Investments in subsidiaries	11	-	-	-	-
Investments in associates	12	174	-	174	-
Deposits	10	31	61	31	52
Financial assets		**205**	**61**	**205**	**52**
Non-current assets		**4,961**	**9,204**	**4,924**	**9,158**
Raw materials and consumables		11	873	11	873
Manufactured goods and goods for resale		2,073	2,556	305	344
Inventories		**2,084**	**3,429**	**316**	**1,217**
Receivables from sales		303	355	298	5
Receivables from group enterprises		-	-	826	2,195
Other receivables		177	166	75	66
Income tax receivable		321	666	321	666
Prepayments		929	140	929	140
Receivables		**1,730**	**1,327**	**2,449**	**3,072**
Cash and cash equivalents		**9**	**434**	**4**	**434**
Current assets		**3,823**	**5,190**	**2,769**	**4,723**
Assets		**8,784**	**14,394**	**7,693**	**13,881**

Balance sheet - equity and liabilities as of December 31

		Group		Parent	
DKK´000	**Note**	**2024**	**2023**	**2024**	**2023**
Contributed capital	13	3,994	5,939	3,994	5,939
Reserve for development expenditure		-	-	3,680	6,825
Reserve for exchange rate adjustments		39	114	39	114
Retained earnings		-2,806	-2,033	-6,486	-8,858
Equity allocated to the shareholders of Audientes A/S		**1,227**	**4,020**	**1,227**	**4,020**
Minority interests' share of equity		**-28**	-	-	-
Equity		**1,199**	**4,020**	**1,227**	**4,020**
Warranties	14	65	63	-	-
Provisions		**65**	**63**	**0**	**0**
Bank loans		42	50	42	50
Other short-term loans		708	-	708	-
Convertible loans	15	2,276	4,676	2,276	4,676
Trade payables		1,645	2,329	1,253	2,249
Other payables	16	2,127	1,195	1,465	825
Deferred income		722	2,061	722	2,061
Current liabilities other than provisions		**7,520**	**10,311**	**6,466**	**9,861**
Liabilities other than provisions		**7,520**	**10,311**	**6,466**	**9,861**
Equity and liabilities		**8,784**	**14,394**	**7,693**	**13,881**
Contingent liabilities	18				

Statement of changes in equity as of December 31

Group 2024

DKK´000	Contributed capital	Reserve for exchange rate adjustments	Retained earnings	Equity allocated to the shareholders of Audientes A/S	Minority interests' share of equity	Total
Equity beginning of year 2024	5,939	114	-2,033	**4,020**	0	**4,020**
Capital reduction	-6,245	-	6,245	**0**	-	**0**
Capital increase including conversion of debt	4,300	-	4,072	**8,372**	-	**8,372**
Minority interests' share of share capital in new subsidiary	-	-	-	**0**	187	**187**
Expenses related to capital increase	-	-	-568	**-568**	-	**-568**
Exchange rate adjustments	-	-75	-	**-75**	-4	**-79**
Profit/loss for the year	-	-	-10,522	**-10,522**	-211	**-10,733**
Equity end of year 2024	**3,994**	**39**	**-2,806**	**1,227**	**-28**	**1,199**

Group 2023

DKK´000	Contributed capital	Reserve for exchange rate adjustments	Retained earnings	Equity allocated to the shareholders of Audientes A/S	Minority interests' share of equity	Total
Equity beginning of year 2023	2,875	92	10,082	**13,049**	-	**13,049**
Capital increase	3,064	-	1,825	**4,889**	-	**4,889**
Expenses related to capital increase	-	-	-535	**-535**	-	**-535**
Exchange rate adjustments	-	22	-	**22**	-	**22**
Profit/loss for the year	-	-	-13,405	**-13,405**	-	**-13,405**
Equity end of year 2023	**5,939**	**114**	**-2,033**	**4,020**	**0**	**4,020**

Statement of changes in equity as of December 31

Parent 2024

DKK´000	Contributed capital	Reserve for development expenditure	Reserve for exchange rate adjustments	Retained earnings	Total
Equity beginning of year 2024	5,939	6,825	114	-8,858	4,020
Capital reduction	-6,245	-	-	6,245	0
Capital increase	4,300	-	-	4,072	8,372
Expenses related to capital increase	-	-	-	-568	-568
Exchange rate adjustments	-	-	-75	-	-75
Transfer to/from reserves	-	-3,145	-	3,145	0
Profit/loss for the year	-	-	-	-10,522	-10,522
Equity end of year 2024	**3,994**	**3,680**	**39**	**-6,486**	**1,227**

Parent 2023

DKK´000	Contributed capital	Reserve for development expenditure	Reserve for exchange rate adjustments	Retained earnings	Total
Equity beginning of year 2023	2,875	7,915	92	2,167	13,049
Capital increase	3,064	-	-	1,825	4,889
Expenses related to capital increase	-	-	-	-535	-535
Exchange rate adjustments	-	-	22	-	22
Transfer to/from reserves	-	-1,090	-	1,090	-
Profit/loss for the year	-	-	-	-13,405	-13,405
Equity end of year 2023	**5,939**	**6,825**	**114**	**-8,858**	**4,020**

Cash flow statement

		Group	
DKK´000	**Note**	**2024**	**2023**
Operating profit/loss		-10,670	-12,213
Amortization, depreciation, and impairment losses		5,291	4,914
Other adjustments for non-liquidity items		281	378
Working capital changes	17	-856	-1,857
Cash flow from ordinary operating activities		**-5,954**	**-8,778**
Financial income received		649	113
Financial expenses paid		-1,030	-1,971
Taxes refunded/paid		666	1,865
Cash flow from operating activities		**-5,669**	**-8,771**
Acquisition etc. of intangible assets		-904	-2,054
Investment in associates		-174	-
Changes in other financial assets		30	135
Cash flow from investing activities		**-1,048**	**-1,913**
Free cash flows generated from operations and investments before financing activities		**-6,717**	**-10,684**
Cash increase of capital		3,151	2,789
Short-term loans and convertible loans taken/paid, net		-1,700	-183
Minority interests' capital contribution in subsidiary		187	-
Cash from bridge-loans, converted to equity afterwards		2,400	2,099
Capital increase from conversion of trade payables and other payables		2,822	-
Expenses related to capital increase		-568	-535
Cash flow from financing activities		**6,292**	**4,170**
Increase/decrease in cash and cash equivalents		**-425**	**-6,514**
Cash and cash equivalents beginning of year		434	6,948
Cash and cash equivalents end of year		**9**	**434**
Cash and cash equivalents at year-end are composed of: Cash and cash equivalents		9	434
Cash and cash equivalents end of year		**9**	**434**

Notes

1: Going concern

The Company's ability to execute its business activities in 2025 is fully dependent on securing additional capital injections, new loans or corporate bonds, as well as refinancing or extending existing convertible loans. Furthermore, successful execution of the sales budget for the year is essential.

Should Audientes be unable to secure timely additional funding, this would have significant consequences for the Company, including its ability to grow the business and, ultimately, to continue operations.

During 2024, Audientes achieved funding of net DKK 6.3 million, including debt conversions. On March 2, 2025, the Company executed a further conversion of convertible loans to equity totalling DKK 1.0 million. On March 29, 2025, Audientes completed an additional capitalization event comprising conversion of debt and board remuneration of DKK 0.8 million and a cash contribution of DKK 0.4 million, bringing total proceeds to DKK 1.2 million.

Securing additional growth capital remains a critical priority for the Company in order to meet the financial requirements necessary for basic operations, market expansion, product development, and the continued pursuit of medical device approvals. As previously communicated throughout 2024, the Company continues to evaluate a range of funding alternatives to secure the required capital in the near to intermediate term, while working towards a financially sustainable business model in the longer term.

According to the 2025 operational budget, and based on the current commercial and development plans, the Company anticipates a need for additional funding of approximately DKK 11–12 million through December 2025. In addition, existing convertible loans totalling DKK 1.3 million (as of March 2025), which are due for repayment by the end of September 2025, will require refinancing, conversion, or extension. The Company also needs to address other short-term loans amounting to DKK 0.4 million as of end of March 2025.

The 2025 budget is based on expected sales of both the Ven hearing aid and the Companion consumer electronics product, particularly in Europe, the MENA region, China, and Japan. Product revenue for 2025 is budgeted at nearly DKK 8 million. Based on the 2025 execution plan, the inventory valued at DKK 2.1 million as of December 31, 2024, is expected to be fully utilized.

The Ven™ Hearing aid will continue to be marketed in India and other markets where regulatory approval is realistic on a 12-months horizon. The introduction of the localized Companion product versions in China, Japan, the Middle East, and select European countries through new distribution partners naturally involves significant upside but also commercial and financial uncertainty. Management is fully aware of these opportunities and risks and will implement a disciplined approach focused on cash flow optimization, including cost-saving initiatives, to mitigate potential challenges.

The current capitalization plan for 2025 includes the issuance of a corporate bond on the Bulgarian Enterprise Accelerator Market (BEAM) in early Q2 2025. The target amount is DKK 15 million, structured as interest-only and instalment-free over 36 months.

In parallel, remaining convertible loans originally secured in 2022 amount to DKK 1.3 million as of March 2, 2025. These loans are non-interest bearing and instalment-free until maturity at the end of September 2025. Lenders retain the option to convert the loans, in part or in full, into shares at market price during 2025.

As part of its risk management, Management has also prepared a conservative 2025 budget scenario assuming no incoming revenue but incorporating a strict cost reduction strategy and other operational adjustments. Under this worst-case assumption, the additional funding need through December 2025 is estimated at DKK 9-10 million, excluding the refinancing, conversion, or extension requirements of convertible loans of DKK 1.3 million and other short-term loans of DKK 0.4 million as of end of March 2025.

The aforementioned commercial uncertainties are compounded by the challenges of securing sufficient and timely funding under currently subdued market conditions.

Nevertheless, despite these uncertainties, Management remains confident that the required funding of DKK 9-10 million, along with the prolongation, conversion, or refinancing of existing convertible and short-term loans, and the execution of planned sales targets, can be achieved. On this basis, the Annual Report for 2024 has been prepared under the going concern 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. Significant uncertainty about these assumptions and estimates could result in outcomes that require material adjustments 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 (Group and Parent) consist of completed development activities that are amortized over a four-year period. Completed development projects are subject to impairment testing whenever there are indications that the development asset may be impaired. The amortization period and method are reviewed annually. Any changes in the expected useful life or the anticipated pattern of consumption of future economic benefits associated with the asset are reflected through adjustments to the amortization period or method and are treated as changes in accounting estimates. Amortization expenses related to intangible assets with finite useful lives are recognised in the income statement under amortisation.

As of December 31, 2024, the carrying value of intangible assets amounts to DKK 4.7 million, based on Management's expectations regarding future cash flows and other key assumptions outlined in Note 8. These assumptions are inherently subject to significant uncertainty, particularly in light of the Company's going concern risk and the critical dependence on securing the necessary funding to support the continuation of planned operational and development activities.

Notes

Valuation of inventory

Inventory primarily consists of finished goods, which are assessed for impairment by comparing their cost price, including raw materials, consumables, and direct labour, to their net realisable value.

The estimated net realisable values are based on Management's assumptions and expectations regarding future sales volumes and pricing. These estimates are inherently subject to uncertainty.

For the financial year 2024, Management has assessed that the inventory, with a carrying value of DKK 2.1 million, does not require any write-down. However, there remains a significant inherent uncertainty related to the valuation of products that remain unsold as of April 2025. The recoverable value of this inventory may be dependent on the Company's ability to secure additional funding necessary to continue its planned commercial and operational activities.

Valuation of receivable from group enterprises

As of December 31, 2024, the parent company has receivables totalling DKK 0.8 million from its subsidiaries in India and Japan, consisting of DKK 0.4 million from each entity. Management has assessed that no write-down of these receivables is required at this stage.

The ability of Audientes India Pvt. Ltd. to repay its outstanding balance of DKK 0.4 million is contingent upon the subsidiary achieving its targeted sales levels in the Indian market. Following the strategic decision by Audientes to assume full responsibility for distribution activities in India, the Company has regained direct control over marketing and sales execution for both current and upcoming products. Coupled with the recent entry into the Middle East market, Management expects these developments to support the generation of sufficient cash flow in Audientes India Pvt. Ltd. to enable repayment of its debt to the parent company.

Audientes remains open to partnering with local organisations, provided such collaborations make commercial and strategic sense. However, as also noted in Note 1, Management recognises the commercial uncertainties surrounding the introduction of updated products in both the Indian and Middle Eastern markets. Accordingly, there remains significant risk related to the assumptions underpinning expected sales and the resulting ability of the Indian subsidiary to realise profits and generate sufficient positive cash flow to settle its obligations to the parent.

Similarly, the ability of Audientes Company Limited, Japan to repay its DKK 0.4 million receivable is entirely dependent on achieving commercial traction in the Japanese market. As operations are still at an early stage, no major sales agreements have yet been secured. As outlined in Note 1, Management acknowledges the considerable uncertainty involved in market entry as a new player in Japan. Therefore, there is also a significant risk associated with the assumptions regarding future sales and the subsidiary's capacity to generate profits and positive cash flows sufficient to repay its debt to the parent company.

Valuation of income tax receivable

A tax receivable of DKK 0.3 million has been recognised, relating to the expected refund under the Danish Tax Credit Scheme. Based on Management's evaluation of the eligibility criteria, it is assessed that Audientes qualifies for the scheme, and the receivable has been recognised on this basis.

However, whether the Company fully meets the criteria is subject to estimation and therefore involves inherent risk and uncertainty. There is a possibility that the Danish Tax Authorities may hold a differing interpretation, in which case there is a risk that the recognised receivable may not be refunded.

Furthermore, it is Management's assessment that Audientes also met the requirements for the scheme in prior years. As such, no provision has been made for potential repayment of previously received tax credits. The maximum potential repayment exposure, excluding interest, is estimated at approximately DKK 4.9 million.

Notes

3: Staff costs

DKK´000	Group 2024	Group 2023	Parent 2024	Parent 2023
Wages and salaries	2,793	4,894	2,124	4,054
Pension costs	12	357	12	357
Other social security costs	30	89	30	89
Other staff costs	118	77	118	77
	2,953	**5,417**	**2,284**	**4,577**
Average number of full-time employees	5	11	2	10

Audientes has an incentive program consisting of warrants awarded to members of the Board of Directors and the Management as well as to employees of the Company. Reference is made to page 13 "Warrant Program".

4: Other financial income

DKK´000	Group 2024	Group 2023	Parent 2024	Parent 2023
Exchange rate adjustments	649	113	634	113
	649	**113**	**634**	**113**

5: Other financial expenses

DKK´000	Group 2024	Group 2023	Parent 2024	Parent 2023
Interest expenses	219	1,024	219	1,024
Fees related to loans taken	56	265	56	265
Exchange rate adjustments	456	269	249	245
Other	299	413	299	413
	1,030	**1,971**	**823**	**1,947**

6: Tax on profit/loss for the year

DKK´000	Group 2024	Group 2023	Parent 2024	Parent 2023
Tax credit for the year, income	321	666	321	666
Tax for the year	-3	-	-	-
	318	**666**	**321**	**666**

Income tax for the year includes a tax credit for research and development at the applicable tax rate under the Danish Corporate Income Tax Act.

In 2024, TDKK 666 (2023: TDKK 1,865) was received in Prepaid Tax Credit related to previous year.

7: Intangible assets

Group / Parent

DKK´000	Completed development projects 2024	Completed development projects 2023	Development projects in progress 2024	Development projects in progress 2023
Cost beginning of year	15,941	12,880	177	1,184
Transfers	177	3,061	-177	-3,061
Additions	369	-	535	2,054
Disposals/scrapped	-	-	-	-
Cost end of year	**16,487**	**15,941**	**535**	**177**
Amortization and impairments beginning of year	-7,368	-3,055	-	-
Amortization and impairments for the year	-4,935	-4,313	-	-
Amortizations and impairments on projects disposed/scrapped	-	-	-	-
Amortization and impairment losses end of year	**-12,303**	**-7,368**	**0**	**0**
Carrying amount end of year	**4,184**	**8,573**	**535**	**177**

Notes

8: 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.

Based on the impairment test which have been carried out for the assets related to Audientes' products Ven™ and Companion, the Management has accessed that this implies that the recoverable amounts for Development projects exceeds carrying value on December 31, 2024.

The development projects include the development of Audientes platform for hearing aids and advanced hearables, consisting of a multi-platform smartphone app client and backend software, as well as embedded software and hardware elements for products. The development projects essentially consist of direct salaries and fees to technical consultants.

Reference is made to the Management Report (Letter from the CEO).

9: Other fixtures and fittings, tools and equipment

DKK´000	Group		Parent	
	2024	**2023**	**2024**	**2023**
Cost beginning of year	1,856	1,864	1,803	1,803
Adjustment	-	-	-	-
Additions	-	-	-	-
Disposals	-	-8	-	-
Cost end of year	**1,856**	**1,856**	**1,803**	**1,803**
Depreciation and impairment losses beginning of year	-1,463	-862	-1,447	-859
Depreciation for the year	-356	-601	-356	-588
Depreciation and impairment losses end of year	-1,819	-1,463	-1,803	-1,447
Carrying amount end of year	**37**	**393**	**0**	**356**

10: Deposits

	Group		Parent	
DKK´000	**2024**	**2023**	**2024**	**2023**
Deposits beginning of year	61	196	52	140
Additions	-	-	-	-
Disposals	-30	-135	-21	-88
Deposits end of year	**31**	**61**	**31**	**52**

11: Investments in subsidiaries

	Parent	
DKK´000	**2024**	**2023**
Cost beginning of year	753	429
Additions in year	372	324
Cost end of year	**1,125**	**753**
Impairment losses beginning of year	-4,239	-3,132
Exchange rate adjustments in the year	-75	22
Profit/loss in the year	-1,645	-1,129
Impairment losses end of year	**-5,959**	**-4,239**
Carrying amount end of year	**-4,834**	**-3,486**
Compensated in "Receivables from Group enterprises"	4,834	3,486
Investments in subsidiaries end of year	**0**	**0**

Investments in subsidiaries:	**Ownership Share in %**
Audientes India Pvt. Ltd	100%
Audientes Company Limited, Japan	60%

Notes

12: Investments in associates

Investments in associates of TDKK 174 relate to investment in ZhiYinYou Technology Limited in China in which Audientes A/S Denmark own 40% of the share capital and voting rights. The value of TDKK 174 relate to contributed inventory, while licenses to be contributed with a value of TDKK 600 will be capitalized following the final capitalization of the associated company. The company was established late November 2024 and have had no commercial activities in 2024 yet.

13: Contributed capital

Share capital:	Parent Nominal value DKK
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
Share capital end of 2021	**934,901**
Addition, 20.12.2022	1,583,959
Addition, 20.12.2022 (debt conversion)	285,843
Addition, 21.12.2022 (debt conversion)	69,999
Share capital end of 2022	**2,874,702**
Addition, 17.04.2023	684,093
Addition, 22.06.2023	356,252
Addition, 30.09.2023 (debt conversion)	390,037
Addition, 16.10.2023	476,866
Addition, 16.10.2023 (debt conversion)	52,626
Addition, 27.11.2023 (debt conversion)	1,103,855
Share capital end of 2023	**5,938,432**
Addition, 29.02.2024 (debt conversion)	1,000,000
Reduction, 29.04.2024 (offsetting losses)	-6,244,589
Addition, 10.06.2024 (Right issue)	1,310,084
Addition, 07.11.2024 (directed issue)	915,829
Addition, 07.11.2024 (debt conversion)	299,415
Addition, 14.11.2024 (debt conversion)	774,945
Share capital end of 2024	**3,994,116**

On March 1, 2025, a debt conversion of TDKK 1,000 was executed and on March 29, 2025, a directed issue and debt conversion of TDKK 1,217 was executed, and the share capital amounts hereafter to DKK 5,779,207

In 2024, the nominal value per share was reduced from DKK 0.10 to DKK 0.01

14: Warranties

Group / parent
Warranty provisions concern products sold to external customers. The warranty provision covers any defects in design, materials and workmanship for a period of 2 years from delivery.

15: Convertible loans

Convertible loans of TDKK 2,276 relate to loan from the previous bridge lenders Selandia Alpha Invest A/S, Renewable Ventures Nordic AB and Mr. Gerhard Dal of TDKK 1,138, TDKK 569 and TDKK 569 respectively.

The loans are maturing by the end of September 2025 with no interest and no installments due until then. The lenders can convert the loan partly or wholly to equity in conjunction with:

- the conversion rate will be calculated using the Volume-Weighted Average Price method (VWAP) over 10 prior trading days;
- the conversion may take place with issue of shares (directed and right issues) to others with a market value of at least TDKK 500, whether with or without pre-emptive rights for the Company's shareholders. In this situation, conversion will be made at the same price as the issue.

A further part of the convertible loans of TDKK 1,000 was converted March 1, 2025, and the convertible loans hereafter amounts to TDKK 1,276.

16: Other payables

	Group		Parent	
DKK´000	**2024**	**2023**	**2024**	**2023**
Wages and salaries, personal income taxes, social security costs etc.	2,061	1,046	1,399	676
Holiday pay obligation	66	149	66	149
	2,127	**1,195**	**1,465**	**825**

17: Changes in working capital

	Group	
DKK´000	**2024**	**2023**
Increase/decrease in Inventories	1,345	1,218
Increase/decrease in Receivables	-1,110	-82
Increase/decrease in Trade payables, Other payables etc.	-1,091	-2,993
	-856	**-1,857**

18: Contingent liabilities

	Group		Parent	
DKK ´000	**2024**	**2023**	**2024**	**2023**
Liabilities under rental or lease agreements until maturity in total	23	53	23	53
Liabilities - purchase of products from supplier	1,050	1,050	1,050	1,050
	1,073	**1,103**	**1,073**	**1,103**

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.

The Annual Report has been prepared according to the same accounting practices as last year.

Consolidated financial statements
The consolidated financial statements are in 2024 presented in DKK and all values are rounded to the nearest thousand (DKK´000) except when otherwise indicated.

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

Liabilities are recognized in the balance sheet when the Group 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 Group, 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 affected 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 recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Consolidation principles
The Consolidated Financial Statements comprise the Parent Company, Audientes A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

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

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

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables, and other monetary items dominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date is recognized in the income statement as financial income of financial expenses.

Exchange differences arising from the translation of foreign subsidiaries´ equity at the beginning of the year to the balance sheet date and the translation of income statements from average rates to the exchange rate at the balance sheet date are recognized directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries that are considered part of the total investments in the subsidiary in question are classified directly in equity.

Income statement

Revenue
Revenue from sale of products is recognized net of VAT, duties, and sales discounts and is measured at fair value of the consideration fixed. Revenue is recognized in the income statement when the customer obtains control of the goods.

Own work capitalized
Own work capitalized comprise fees that be directly or indirectly attributed to the development projects.

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

Other external expenses
Other external expenses include expenses relating to the Group´s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write downs of receivables recognized in current assets.

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

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

Income from equity investments in subsidiaries and associates
For equity investments in subsidiaries and associates, measured using the equity-method, the share of the enterprises' profit and loss is recognized in the income statement after elimination of unrealized intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other financial income
Other financial income comprises net capital or exchange gains on securities, payables and transactions in foreign currencies, amortization 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, amortization 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 for the Parent Company consists of tax credit for research and development at the applicable tax rate under the Danish Corporate Income Tax Act and for the subsidiaries tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized 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 utilization, 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 recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred. When recognizing development projects as intangible assets in the Parent Company, an amount equaling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortized and written down.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortization of intangible assets and depreciation of property, plant and equipment used in the development process are recognized 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. Intellectual property rights are amortized over 4 years.

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.

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

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

Equity investments in subsidiaries are written down to the lower of recoverable amount and carrying amount.

Equity investments in associates
Equity investments in associates are recognized 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 equity investments in associates is transferred to the reserve for net revaluation according to the equity method in equity.

Equity investments in associates 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 realizable 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 labor costs.

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

Receivables
Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognized 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 and cash equivalents
Cash comprises cash in hand and bank deposits.

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

Equity
The reserve for exchange currency translation comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group.

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 received or 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.

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AUDIENTES A/S

Slotsmarken 18
2970 Hørsholm, Denmark

CVR No.: 36 04 76 31
Tel: +45 77 34 16 80

contact@audientes.com
www.audientes.com

FOUNDED

August 2014

AUDITOR

Christensen Kjærulff
Statsautoriseret revisionsaktieselskab
CVR No.: 15915641