

# Audientes

Making high-quality, self-fitting hearing aids accessible  
and affordable for everyone who needs them.

## INVITATION TO INVEST IN AUDIENTES A/S PRE-EMPTIVE RIGHTS ISSUE 2022

The Danish Financial Supervisory Authority approved this prospectus on 23 November 2022. This prospectus is valid for a period of up to twelve (12) months from the date of the approval. The obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid, and Audientes A/S will only supplement the prospectus when required according to rules on prospectus supplement in the prospectus regulation (EU) 2017/1129.

## IMPORTANT INFORMATION

This EU growth prospectus has been prepared by the Board of Directors of Audientes A/S ("**Audientes**" or the "**Company**"), with corporate registration number ("**CVR**") 36047631, due to the Company's offer to subscribe for units, consisting of shares ("**New shares**") and free of charge warrants of series TO 1 ("**TO 1**") with pre-emptive rights for existing shareholders in accordance with the terms of this prospectus (the "**Offer**" or the "**Rights Issue**"). In connection with the Offer, Sedermera Corporate Finance AB ("**Sedermera**") is the financial advisor, Danske Bank A/S ("**Danske Bank**") the issuing agent and settlement agent, and Markets & Corporate Law Nordic AB ("**MCL**") the legal advisor to Audientes. Sedermera and Shark Communication AB ("**Shark Communication**") has assisted the Company in preparing this prospectus. The Board of Directors of Audientes is responsible for the content, whereupon Sedermera and Shark Communication disclaim all responsibility in relation to shareholders in the Company and for other direct or indirect consequences as a result of investment decisions or other decisions based in whole or in part on the information in the prospectus.

This prospectus has been approved and registered by The Danish Financial Supervisory Authority (the "**DFSA**"), as the competent authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council. DFSA approves this prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in Regulation (EU) 2017/1129. This approval should not be construed as any kind of support for the issuer or for the quality of the securities referred to in this prospectus. The prospectus has been prepared as an EU growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Investors should make their own assessment of whether it is appropriate to invest in the securities referred to in this prospectus. Disputes due to the content of this prospectus or related legal matters shall be settled in accordance with Danish law and in Danish courts. The prospectus is available at Audientes's website ([www.audientes.com](http://www.audientes.com)). The prospectus can also be accessed via Sedermera's website ([www.sedermera.se](http://www.sedermera.se)) and DFSA's website ([www.finanstilsynet.dk](http://www.finanstilsynet.dk)).

The shares in Audientes are not subject to trading or application in any country other than Denmark and Sweden. Invitation according to this prospectus is not addressed to persons whose participation presupposes additional prospectuses, registration measures or other measures than those that comply with Danish law. The prospectus may not be distributed in the United States, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, or other countries where the distribution or this invitation requires further action under the preceding sentence or is contrary to the rules of such country. Disputes due to the content of the prospectus or related legal matters shall be settled in accordance with Danish law and in Danish courts.

In addition to what is stated in the auditor's report, annual reports and reports incorporated by reference, no information in the

prospectus has been reviewed or audited by the Company's auditor. The Board confirms that information from third parties has been reproduced correctly and that as far as the Board is aware and can ascertain information published by third parties, no facts have been omitted that would make the reproduced information incorrect or misleading.

### Forward-looking statements

The prospectus contains forward-looking statements that reflect the Company's current views on future events and financial and operational developments. Words that indicate indications or predictions about future developments or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are associated with both known and unknown risks and uncertainties, as they depend on future events and circumstances. Forward-looking statements do not constitute a guarantee of future results or development and actual results may differ materially from those stated in the forward-looking statements. Statements about the outside world and future conditions in this document reflect the Board's current views on future events and financial development. Forward-looking statements only express the assessments and assumptions made by the Board when preparing the prospectus. These statements are well thought out, but the reader should be aware that these, like all future assessments, are associated with uncertainty.

### Market information

The prospectus contains market information related to the Company's operations and the market in which Audientes operates. Unless otherwise stated, such information is based on the Company's analysis of several different sources. Potential investors should be aware that financial information, market information and forecasts and estimates of market information contained in the prospectus do not necessarily constitute reliable indicators for Audientes' future development.

### Spotlight Stock Market Denmark

Spotlight Stock Market Denmark ("**Spotlight**"), with organizational number 556736-8195 is a securities company under the supervision of the Swedish Financial Supervisory Authority. Spotlight operates a so-called MTF platform. Companies listed on Spotlight have committed to comply with the marketplace's listing agreement. The regulations aim, among other things, to ensure that shareholders and other players in the market receive correct, immediate, and simultaneous information about all circumstances that may affect the Company's share price.

Trading on Spotlight takes place in an electronic trading system that is available to the banks and stockbrokers who are affiliated with the Nordic Growth Market. This means that anyone who wants to buy or sell shares that are listed on Spotlight can use the banks or stockbrokers who are members of Spotlight.

Spotlight's regulations and stock prices can be found on the website ([www.spotlightstockmarket.com](http://www.spotlightstockmarket.com)).

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## Documents incorporated by reference

The investor should take note of the information incorporated into this prospectus by reference and that the information to which reference is made should be read as part of the prospectus. The information given below as part of the following documents is incorporated into the prospectus by reference. Copies of the prospectus and the documents incorporated by reference can be obtained from Audientes electronically via the Company's website, [www.audientes.com](http://www.audientes.com). Non-incorporated parts of the below documents contain information presented elsewhere in this Prospectus or deemed not relevant to investors.

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# Summary

## SECTION 1 - INTRODUCTION

1.1	<b>Name and international securities identification number ('ISIN') of the securities</b>	The Offer consists of units (shares and one series of free of charge warrants) in Audientes A/S. The shares have short name (ticker) AUDNTS and ISIN code DK0061406618. The unit rights have ISIN code DK0061928157. Paid subscribed unit (BTU) has ISIN code DK0061927936. Warrants of series TO 1 have short name (ticker) AUDNTS TO 1 and ISIN code DK0061928074.
1.2	<b>Name and contact details to the issuer</b>	Audientes A/S, corporate registration number 36047631 and LEI code 984500F69AMF062DF496. Representatives of Audientes may be reached by telephone at +45 53 17 2610, and by e-mail at investors@audientes.com. The Company's visiting address is Teknikerbyen 5, 2830 Virum and the website is <a href="http://www.audientes.com">www.audientes.com</a> .
1.3	<b>Name and contact details for the relevant authority that has approved this prospectus</b>	The Danish Financial Supervisory Authority (Dk. <i>Finanstilsynet</i> ) ("the <b>DSFA</b> ") is the competent authority that is responsible for the approval of the Prospectus. The visiting address to the DFSA is Strandgade 29, 1401 Copenhagen, Denmark, and the website is <a href="http://www.finanstilsynet.dk">www.finanstilsynet.dk</a> . The DFSA can also be reached on telephone at +45 33 55 82 82 and by email at <a href="mailto:finansstilsynet@ftnet.dk">finansstilsynet@ftnet.dk</a> .
1.4	<b>Date of approval</b>	The prospectus was approved by the Danish Financial Supervisory Authority on 23 November 2022.
1.5	<b>Warning</b>	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on a consideration of the prospectus as a whole by the investor. Investors may lose all or parts of the invested capital. If a claim related to information in this prospectus is brought before a court of law, the plaintiff investor may, under national law, have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation hereof, but only if the summary is misleading, inaccurate, or inconsistent when read together with the other parts of this prospectus, or if it does not provide, when read together with the other parts of this prospectus, key information to aid investors when considering whether to invest in such securities.

## SECTION 2 - KEY INFORMATION ABOUT THE ISSUER

2.1	<b>Who is the issuer of the securities?</b>	Audientes A/S, formed and registered in July 2014, is a Danish public limited liability company governed by Danish law including but not limited to the Danish Companies Act (Dk. Selskabsloven). Audientes A/S is a Danish technology company specializing in self-fitting and accessible hearing aids. Audientes hearing aid solution Ven™ by Audientes has been rolled out in the Indian market. Audientes mission is to help the approx. 430 million people globally suffering from hearing loss, and especially those who cannot get access to conventional hearing aids due to a low density of hearing clinics and audiologists. Audientes A/S is listed on Spotlight and is headquartered in Copenhagen, Denmark with a subsidiary in Hyderabad, India. The Board of Directors has its registered office in Copenhagen, Denmark and Steen Thygesen is the Company's CEO since 2018.
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The following table shows the Company's major shareholders. There are, to the Board of Directors' knowledge, no shareholder agreements, or other agreements between the Company's shareholders, which seek to have joint influence over the Company. The Company is not directly or indirectly controlled by any shareholders.

Shareholder	Number of shares	Percentage of votes and capital (%)
Jelveh Holding ApS <sup>1</sup>	2,255,010	24.12
Stig Due	817,011	8.74
<i>Others (approx. 2,719 persons)</i>	<i>6,276,989</i>	<i>67.14</i>
<b>Total</b>	<b>9,349,010</b>	<b>100.0</b>

<sup>1</sup> Wholly owned by the Company's founder and CTO, Hossein Sandfeld Jelveh.

**2.2 What is the key financial information regarding the issuer?**

**Financial information and key figures**

The financial information incorporated into this prospectus by reference includes the annual reports for the financial years 2020 and 2021, which have been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C, and the interim report for the period 1 January 2022 to 30 September 2022. The annual reports have been audited by the Company's independent auditor as set forth in their audit report included therewith. The interim report has not been audited.

**Income statement**

KDKK	2022.01.01 2022.09.30	2021.01.01 2021.09.30	2021.01.01 2021.12.31	2020.01.01 2020.12.31
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Revenue	2,224	0	0	0
Other operating income	214	0	214	0
Profit/loss for the period	-3,713	-2,933	-12,901	-5,138

**Balance sheet**

KDKK	2022.09.30	2021.09.30	2021.12.31	2020.12.31
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Total assets	28,187	35,035	31,343	42,195
Equity	13,141	29,931	25,483	38,372

**Cash flow statement**

KDKK	2022.01.01 2022.09.30	2021.01.01 2021.09.30	2021.01.01 2021.12.31	2020.01.01 2020.12.31
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>
Cash flows from:				
Operating activities	-3,210	-3,242	-11,742	-7,079
Investing activities	-770	-3,579	-8,068	-2,214
Financing activities	414	0	0	39,579

**Key figures**

	2022.01.01 2022.09.30	2021.01.01 2021.09.30	2021.01.01 2021.12.31	2020.01.01 2020.12.31
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Equity ratio %	46.60	85.40	81.30	90.94
Av. number of employees	16	8	8	4
Earnings per share (DKK)	-1.32	-0.90	-1.38	-0.79
Average number of shares	9,348,010	9,348,010	9,348,010	6,518,155

**2.3 What are the key risks that are specific to the issuer?**

Material risks specific to the issuer:

**COVID-19**

COVID-19 has not had a negative impact on Audientes ability to enter into distribution agreements in India. However, as Audientes expands to other countries in North and South America and Asia, there is a risk of restrictions e.g., in travel and business activities due to COVID-19. There is a risk that this may have a delaying effect on such activities, as well as the development of new sales partnerships and product sales. Being engaged in the mass production of Ven, and the marketing and sales of high technology products, Audientes has been affected by the COVID-19 pandemic primarily in delays caused by lockdowns affecting its manufacturing partner (OSM Global) and its sub-supplier network. There is a risk that future COVID-19 lockdowns in for example China, where the OSM production site is located, could have a considerable impact on the further ability to maintain production as demand potentially increases. There is a risk that

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different companies in Audientes supply chain of e.g., mechanical, electrical, and electronic components may be subject to government or company mandated lockdowns in shorter or longer periods. Delays in production could have an impact on Audientes' short-term ability to generate timely revenues from sales, with serious consequences for the Company's ability to grow. It is the Company's assessment that the probability of the risk occurring is high. If the risk should materialise, Audientes considers the potential negative impact to be high.

#### **Market acceptance & revenues**

Sales of Audientes' hearing aid, Ven, commenced in March 2022. There is a risk of demand for Ven not being sufficiently high in the market to sustain the planned scale of company operations. The level of market acceptance and sales of Ven depends on several factors, including product characteristics, competing products, distribution channels, availability, price, compensation, and sales and marketing efforts. Innovative products of the kind that Audientes sells are not usually distributed in large batches by distributors until the market and customers has become acquainted with the product's properties. Achieving the desired market acceptance and revenues, may take longer than the Company expects and a lack of it may have a negative impact on the Company's operations, financial position, and earnings. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

### **SECTION 3 - KEY INFORMATION ON THE SECURITIES**

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<b>3.1 What are the main features of the securities?</b>	<p><b>Type, category, and ISIN of the securities</b></p> <p>Audientes shares with ISIN code DK0061406618 are traded at Spotlight Denmark. The ticker for the share is AUDNTS. The units that will be issued in connection with the Rights Issue will be traded in a temporary ISIN code, and as soon as possible after registration of the new units, the temporary ISIN code will be merged with the ISIN code as the shares already admitted to trading. There is only one class of shares in the Company.</p> <p><b>Currency, nominal value, and number of securities</b></p> <p>The shares are denominated in DKK. As of the date of this Prospectus, the Company's registered share capital amounts to DKK 934,901.00 divided among 9,349,010 shares. The nominal value of each share is DKK 0.10 and the shares have been fully paid. The currency of the Rights Issue is DKK.</p> <p><b>Rights attached to the securities</b></p> <p>The New Shares will have identical rights and be of the same seniority as the existing shares. This includes voting rights, the right to dividends end, the right to participate in the proceeds in case of a dissolution or liquidation of the Company, and pre-emptive rights in connection with the issue of new warrants, convertible bonds, and shares by cash contribution. Audientes has only one class of shares. All shares are of the same seniority in the Company's capital structure in case of insolvency. The New Shares as well as the existing shares are subordinated to most of the Company's liabilities. This means that if Audientes is subject to any liquidation or bankruptcy, the shareholders normally receive payment after all other creditors have been paid in full.</p> <p>Audientes is a growth company and has not since its formation paid dividends to the shareholders. The Board of Directors intends to finance development, operations, and growth with a combination of the possible profit and future equity issues. In the event of a dividend, all shares in the Company carry equal right to dividends. The New shares are eligible for dividends as of the date of registration of the new shares with the Danish Business Authority, which is expected to take place around 22 December 2022 and, in any event before listing of the shares. Further, the right to dividends applies to investors who are registered as shareholders in Audientes on the record day applicable for the distribution of dividend. There are no existing restrictions on dividends or special procedures for shareholders resident outside of Denmark, and payment of any distributed dividends is intended to take place via VP Securities A/S in the same manner as for shareholders residing in Denmark. Dividends accrue to Audientes if it has not</p>
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been claimed by the shareholder within three years from the time of the declaration of the dividends. Dividends go to Audientes after the limitation.

**Transferability of the securities**

There are no restrictions in the transferability of the shares.

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<b>3.2</b>	<b>Where will the securities be traded?</b>	Audientes' shares are traded on Spotlight. The new shares and warrants of series TO 1 in the Rights Issue will be admitted to trading on Spotlight, a growth market for small and medium-sized companies operated by Spotlight Group AB. Securities listed on Spotlight are not subject to as extensive regulations as the securities that are admitted to trading on regulated markets.
<b>3.3</b>	<b>Is there a guarantee attached to the securities?</b>	The securities are not covered by guarantees.
<b>3.4</b>	<b>What are the key risks that are specific to the securities?</b>	<p><b>Securities may fluctuate in value or liquidity</b></p> <p>As a result of rising interest rates, concerns about a possible recession and general concerns about the war in Ukraine, the stock market climate has deteriorated. In the short term, this has affected growth companies that have experienced sharp price declines. Audientes is a growth company and a lower interest in such companies can affect the liquidity of Audientes share and future share price. For example, the number of Audientes shares traded weekly during the first six months of 2022 declined with approx. 66 percent, compared to the number of shares traded weekly the full year of 2021. Low liquidity can affect the price development of the share and increase price fluctuations when sellers may need to extensively lower the share price in order to attract buyers. During the first six months of 2021, volatility in Audientes share increased by approx. 13 percent compared with the full year 2021. Price fluctuations can occur regardless of Audientes' performance or development. The value of the securities and the liquidity is in addition dependent on Audientes performance and may be negatively affected if Audientes do not reach set objectives. Hence, there is no guarantee regarding the future price development of the Company's securities, and the value of the investment may increase as well as decrease. Since an investment in Audientes' securities may both rise and fall in value, there is a risk that an investor will not regain invested capital. In the event of the risk occurring, there is a risk that the Company's shares cannot be sold for a price acceptable to the holders, or at all, at any time. It is the Company's assessment that the probability of the risk occurring is medium.</p>

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## SECTION 4 – KEY INFORMATION ON THE OFFERING OF SHARES TO THE PUBLIC

**4.1 Under which conditions and timetable can I invest in this security?**

**The Offer**

On 18 November 2022, the Board of Directors resolved, with authorization in the Articles of Association, adopted by the Extraordinary General Meeting held on 11 October 2022, to carry out the Rights Issue and to increase the share capital with a maximum nominal DKK 2,804,703. The Company's share capital will increase by a maximum of DKK 2,804,703 and a maximum of 28,047,030 new shares, each with a nominal value of DKK 0.10. The Rights Issue is conducted with pre-emptive unit rights for existing shareholders. The net proceeds from the Rights Issue amount to a maximum of approx. DKK 19.3 million assuming that the Rights Issue is fully subscribed, before amortization of interest and loan.

**Subscription price**

The subscription price is DKK 1.50 per unit, which corresponds to DKK 0.75 per share. Each unit consists of 2 shares and 1 warrant of series TO 1. Warrants of series TO 1 are issued free of charge. A brokerage fee may occur.

**Subscription period**

Subscription of units will take place within the period from 1 December 2022 until 15 December 2022.

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### Valuation

Audientes' pre-money valuation (in the current offer) amounts to approximately DKK 7 million.

### Allocation

Each holder of Existing Shares registered with Euronext Securities on 28 November 2022 at 5:59 p.m. CET as a shareholder in the Company will be allocated one (1) Pre-emptive Right for each Existing Share. For one (1) Pre-emptive Right, the holder is entitled to subscribe for one (1) New Unit of a nominal value of DKK 0.20 at a Subscription Price of DKK 1.50 per New Unit. The Rights Trading Period commences on 1 December 2022 at 9:00 a.m. CET and closes on 13 December 2022 at 5:00 p.m. CET. The Subscription Period for New Units commences 1 December 2022 at 9:00 a.m. CET and closes on 15 December 2022 at 5:00 p.m. CET. Any Pre-emptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Units, such subscription cannot be withdrawn or modified by the holder.

The Pre-emptive Rights have been approved for trading and official listing on Spotlight to the effect that they can be traded on Spotlight during the Rights Trading Period in the temporary ISIN code DK0061928157. The Pre-emptive Rights, the temporary units, and the new units, following automatic conversion from temporary units, will be delivered in book-entry form through allocation to accounts with Euronext Securities.

### Dilution

As at the Prospectus Date, the Company's registered share capital had a nominal value of DKK 934,901.00 divided into 9,349,010 Existing Shares with a nominal value of DKK 0.10. All Existing Shares are issued and fully paid up, and each Existing Share represents 1 vote. Upon issue of the New Units, the percentage of ownership of the Existing Shareholders may be reduced. If the Existing Shareholders refrain from exercising Pre-emptive Rights allocated to them in connection with the Offering, each Existing Shareholder's ownership will be diluted by approx. 67 percent. If the Existing Shareholders elect to partly exercise the Pre-emptive Rights allocated to them, the rate of dilution will be between 0 to 67 percent depending on the exercise. If the Existing Shareholders exercise their Pre-emptive Rights in full, they will not be diluted.

### Costs for the Right Issue

The costs connected to the initial part of the Rights Issue amount to approx. DKK 2 million, or approx. 14.6 percent of the proceeds from the initial part of the Rights Issue. The costs for the warrant exercise of series TO 1 will amount to approx. DKK 1 million.

### Subscription Price and amount of any expenses and taxes charged

The new shares are offered at the subscription price of DKK 1.50 per new unit (excluding fees, if any, from the investor's own custodian bank or brokers). The amount of any expenses and taxes the investor can be charged shall be governed by and constructed in accordance with applicable law of Denmark, including any double taxation agreements.

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#### 4.2 Why is this EU Growth Prospectus being produced?

Audientes is carrying out a Rights Issue of units to finance operational advancements and to improve the balance sheet by amortizing debt. The Rights Issue will initially provide Audientes with approx. DKK 14 million (if fully subscribed) before deduction of transaction related costs of approx. DKK 2 million. In addition to finance the company's growth activities (described below) Audientes also aims to strengthen its balance sheet by amortizing on an existing loan of approx. DKK 7.5 million, which runs until the latest 30 June 2023.

The lenders who provided Audientes with the approx. DKK 7.5 million loan have entered into so called "top down" guarantee commitments amounting to approx. DKK 3.5 million, and any allocation of units in the Rights Issue, as well as issue proceeds surpassing DKK 10 million, will be set off against their interest claims and outstanding loans. These guarantee commitments carry an underwriter's fee of 15 percent, also to be set off against units to the same terms as in the Rights Issue. In addition to the top-down guarantee commitments Audientes has agreed on

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so called “bottom up” guarantee commitments with external professional investors in the Rights Issue amounting to approx. 1.7 DKK million.

If any amount of the approx. DKK 7.5 million loan remains after the initial part of the Rights Issue, the company plans to repay this outstanding debt in the following exercise of warrants of series TO 1.

The maximum net proceeds of approx. DKK 10 million from the Rights Issue (after deduction of transaction related cost and after amortization of interest or loan) are intended to finance following activities (arranged by priority):

- Sales, marketing, and operations of Ven and Companion in India and surrounding countries - approx. 15 percent of the issue proceeds.
- Sales, marketing and operations of the newly developed product Companion by Audientes in USA, Europe, and Japan - approx. 45 percent of the issue proceeds.
- New product development and certifications for USA and other regulated markets with medical device rules - approx. 25 percent of issue proceeds.
- General and administrative costs (incl. financial compliance) - approx. 15 percent of the issue proceeds.

If all warrants of series TO 1 are exercised to the highest strike price, the net proceeds are approx. DKK 9.3 million from the warrant exercise. Any funds not used for repayment of any remaining interest or loan are intended to finance the following activities (arranged by priority):

- Sales, marketing, and operations of Ven and Companion in India and surrounding countries - approx. 15 percent of the issue proceeds.
- Sales, marketing, and operations of Ven and Companion in Europe and Asia - approx. 25 percent of the issue proceeds.
- Sales, marketing, and operations of Companion in USA - approx. 20 percent of the issue proceeds.
- New product development and certifications for USA, EU, and other regulated markets with medical device rules - approx. 25 percent of the issue proceeds.
- General and administrative costs (incl. financial compliance) - approx. 15 percent of the issue proceeds.

#### **Pre-subscription- and guarantee commitments**

In total, approx. 45.2 percent of the initial part of the Rights Issue, corresponding to approx. DKK 6.3 million, is covered by pre-subscription and guarantee commitments. Approx. DKK 1.1 million refers to pre-subscription commitments and approx. DKK 5.2 million to guarantee commitments from the Company’s lenders and external professional investors.

Audientes CEO has together with other existing shareholders and investors entered subscription commitments with Audientes in form of a bridge loan amounting to approx. DKK 1.1 million. The loan is planned to be set off against securities in Audientes in the Rights Issue and carries two percent interest per started calendar month (non-compounding). The loan runs until 30 January 2023.

Out of the total guarantee commitments, approx. DKK 3.5 million (approx. 25 percent of the initial issue amount) are so called “top down” guarantee commitments which will be added to any final subscription level of the Rights Issue up to maximum 100 percent of the initial issue amount. Any allocation of units in the Rights Issue according to the “top down” guarantee commitments will be set of against outstanding loans and interest claims.

Audientes has also secured approx. DKK 1.7 million (approx. 12.3 percent of the initial issue amount) in so called “bottom up” guarantee commitments up to a subscription level of approx. 20.2 percent in the Rights Issue. The “bottom up” guarantee commitments carry an underwriter’s fee of 12 percent of guaranteed amount to be paid in cash.

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These commitments are not confirmed or secured via advance transactions, bank guarantees or similar.

**Conflicts of interest**

Sedermera is a financial advisor, MCL is a legal advisor and Shark Communication is a communications advisor to Audientes in connection with the Rights Issue. These parties receive a pre-agreed remuneration for services in connection with the Rights Issue. Audientes chairman of the Board, Povl-André Bendz, holds a CEO and board position in Seahouse Capital ApS, which is owned by Spotlight Group AB (70 percent) and Povl-André Bendz (30 percent). Sedermera Corporate Finance is a wholly owned subsidiary of Spotlight Group AB and an independent sister company to Seahouse Capital ApS. Apart from that, no member of the Board of Directors or executive management has any private interests which might conflict with the Company's interests. Certain members of the Board of Directors and executive management have financial interests in Audientes as a consequence of their direct or indirect shareholdings in the Company. The Company is not aware of any other potential interests, including conflicting ones, of natural or legal persons involved in the Rights Issue that may have a material interest in the Rights Issue.

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<b>4.3</b>	<b>Who is the offeror/and or the person asking for admitting to trading?</b>	The offeror is Audientes A/S with CVR 36047631.
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# Responsibility statement

## Persons responsible

The Board of Directors and the CEO of Audientes are responsible for the content of this Prospectus. As of the date of this Prospectus, the Board of Directors of the Company comprises Povl-André Bendz (Chairman), Gitte Jürgens (Member), Frank Vium (Member), and Peter Røpke (Member). For additional information regarding Audientes' board members and CEO, please refer to section "Board of Directors and executive management" in this Prospectus.

## Statement by the CEO and the Board of Directors of Audientes A/S

We hereby declare, as the persons responsible for this prospectus on behalf of Audientes A/S (CVR 36047631), that to the best of our knowledge, the information contained in this prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.

## Danish Financial Supervisory Authority

The prospectus has been approved by the DFSA as the competent authority under Regulation (EU) 2017/1129. The DFSA only approves this prospectus as meeting the standards of completeness, comprehensibility, and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this prospectus and potential investors should make their own assessment as to the suitability of investing in the securities. The prospectus has been drawn up as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Copenhagen, 23 November 2022

**Audientes A/S**

The CEO and Board of Directors

**Povl-André Bendz**, Chairman  
*CEO at Seahouse Capital*

**Gitte Jürgens**, Board Member  
*Professional Board Member*

**Peter Røpke**, Board Member  
*CEO of RTX A/S*

**Frank Vium**, Board Member  
*Professional Board Member*

**Steen Thygesen**  
*CEO Audientes A/S*

## Information from third parties

The Board of Directors confirms that information obtained from third parties in this prospectus has been accurately reproduced and that, as far as the Board of Directors is aware and can ascertain from the information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The statements in this prospectus are based on the assessment of the Board of Directors and executive management if no other grounds are stated. No statement or report attributed to a person as an expert is included in this prospectus. Apart from Audientes' audited financial statements for the last two years (2021 and 2020), no information in the prospectus has been reviewed or audited by the Company's auditor.

### References

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[Statistics & Facts - Global Wellness Institute](#)

[World Report on Hearing \(who.int\)](#)

# Motive for the Rights Issue

## Background

In connection with Audientes' IPO in September 2020, the Company was in the late stages of research and development of its initial product – the smart and user-friendly hearing aid solution, Ven. Audientes hired more staff after the IPO to finish the development of Ven to enable market entry and meet demand as soon as possible. From 2021 and onwards, Audientes has increased sales and marketing activities to pave the way for a successful launch of Ven in India. As a result of these efforts, Audientes has created a vast distribution network consisting of over 80 wholesale collaboration partners, making Ven available at more than 500 points of sale all over India, and began sales of Ven in March 2022. Audientes has also established its online sales platform and a logistics platform as well as related processes for this.

## The way forward

It is Audientes' ambition to create strong sales growth and good profitability. To achieve this, the Company plans to continue the expansion of the distribution network in India and increase sales of Ven. A key factor in the ability to sell Audientes' products in existing and future markets is the planned marketing of Ven and the new product Companion, with the purpose to increase knowledge and awareness of Audientes' products. Hence, the Company will focus on sales and marketing activities in the coming year, including increased efforts in the B2B sales channel and investing in broadening the reach in the B2C channels.

Audientes also plans to launch the Company's products in new key markets, for example USA, as well as in Asian markets, such as Japan, and in Europe. This will be done employing either a B2B high-touch (own representation) or low-touch (local distribution partners) market entry model, or a combination of both – tailored to local conditions. Online sales across a variety of B2C channels is a key element in going to market in all countries where Audientes may market and sell its hearing health products.

Investments in sales and marketing activities will simultaneously increase knowledge of Audientes' products and stimulate and improve sales. Audientes will continue its development efforts for its next medical device grade hearing aid, aiming at the vast emerging market opportunity in the USA for "over-the-counter" hearing aids where the final rules have been finalised in 2022 by the FDA.

## Use of proceeds

Audientes is carrying out a Rights Issue, which initially can provide Audientes with approximately DKK 14 million (if fully subscribed) before deduction of transaction related costs of approximately DKK 2 million.

In addition to finance the Company's growth activities (described below) Audientes also aims to strengthen its balance sheet and hence use any issue proceeds surpassing DKK 10 million to repay interest claims at first hand and secondly outstanding debt. If any amount of the approximately DKK 7.5 million loan remains after the initial part of the Rights Issue, the company plans to repay this outstanding debt in the following exercise of warrants of series TO 1.

The Rights Issue gives existing shareholders the right to subscribe for units in relation to (pro rata) their current ownership. Provided that the Rights Issue is fully subscribed, the Board assesses that there is sufficient capital in the Company to run the business in accordance with the overall business plan and set objectives. See the "Terms and Conditions" section of this prospectus for full terms and conditions.

The maximum net proceeds of approximately DKK 10 million from the initial part of the Rights Issue (after deduction of transaction related costs and after amortization of interest and loan) are intended to finance the following activities (arranged by priority):

- Sales, marketing, and operations of Ven and Companion in India and surrounding countries – approx. 15 percent of the issue proceeds.

- Sales, marketing and operations of the newly developed product Companion by Audientes in USA, Europe, and Japan - approx. 45 percent of the issue proceeds.
- New product development and certifications for USA and other regulated markets with medical device rules - approx. 25 percent of issue proceeds.
- General and administrative costs (incl. financial compliance) - approx. 15 percent of the issue proceeds.

If all warrants of series TO 1 are exercised to the highest strike price, the net proceeds are approx. DKK 9.3 million from the warrant exercise. Any funds not used for repayment of any remaining interest or loan are intended to finance the following activities (arranged by priority):

- Sales, marketing, and operations of Ven and Companion in India and surrounding countries - approx. 15 percent of the issue proceeds.
- Sales, marketing, and operations of Ven and Companion in Europe and Asia - approx. 25 percent of the issue proceeds.
- Sales, marketing, and operations of Companion in USA - approx. 20 percent of the issue proceeds.
- New product development and certifications for USA, EU, and other regulated markets with medical device rules - approx. 25 percent of the issue proceeds.
- General and administrative costs (incl. financial compliance) - approx. 15 percent of the issue proceeds.

### **Commitments in relation to the Rights issue**

In total, approximately 45.2 percent of the initial part of the Rights Issue, corresponding to approximately DKK 6.3 million, is agreed upon in writing by pre-subscription and guarantee commitments. Approximately DKK 1.1 million refers to pre-subscription commitments from Audientes CEO, other existing shareholders and investors and approximately DKK 5.2 million refers to guarantee commitments from the company's lenders and external professional investors.

Out of the total guarantee commitments, approximately DKK 3.5 million (approximately 25 percent of the initial issue amount) are so called "top down" guarantee commitments which will be added to any final subscription level of the Rights Issue up to maximum 100 percent of the initial issue amount. Any allocation of units in the Rights Issue according to the "top down" guarantee commitments will be set off against outstanding loans and interest claims. The "top down" guarantee commitments carry an underwriter's fee of 15 percent of the guaranteed amount which will be set off against additional units to the same terms as in the Rights Issue.

In addition to above "top down" guarantee commitments, Audientes has secured approximately DKK 1.7 million (approximately 12.3 percent of the initial issue amount) in so called "bottom up" guarantee commitments up to a subscription level of approximately 20.2 percent in the Rights Issue. The "bottom up" guarantee commitments carry an underwriter's fee of 12 percent of guaranteed amount to be paid in cash.

Furthermore, Audientes largest shareholder, Jelveh Holding Aps (holding approximately 24 percent of the capital), has agreed not sell any subscription rights and to make these subscription rights available for the company, free of charge, to place in accordance with potential interest from professional investors in connection with the Rights Issue.

### **Advisors**

In connection with the Rights Issue described in this prospectus, Sedermera is the financial advisor to Audientes, MCL is legal advisor, Shark Communication is communications advisor and Danske Bank is the issuing agent and settlement agent. Sedermera and Shark Communication have assisted the Company in the preparation of this prospectus. The Board of Directors is responsible for the content, whereupon Sedermera and Shark Communication disclaims all liability in relation to shareholders in the Company and regarding other direct or indirect consequences as a result of investment decisions or other decisions based wholly or partly on the information in this prospectus.



**Parties with interests**

Sedermera, MCL, Shark Communication and Danske Bank receive a pre-agreed remuneration for services rendered in connection with the Rights Issue. Apart from that, Sedermera, MCL, Shark Communication and Danske Bank have no financial or other interests in the Rights Issue.

Audientes Chairman of the Board, Povl-André Bendz, holds a CEO and board position in Seahouse Capital ApS, which is owned by Spotlight Group AB (70 percent) and Povl-André Bendz (30 percent). Sedermera is a wholly owned subsidiary of Spotlight Group AB and an independently operated sister company to Seahouse Capital ApS. Apart from that, no member of the Board of Directors or executive management has any private interests which might conflict with the Company's interests. However, certain members of the Board of Directors and executive management have financial interests in Audientes as a consequence of their direct or indirect shareholdings in the Company, see section "Board of Directors and executive management" in this Prospectus. The Company is not aware of any other potential interests, including conflicting ones, of natural or legal persons involved in the Rights Issue that may have a material interest in the Rights Issue.



# Business and market overview

*The Board of Directors certifies that the information derived from references and citations has been described and reproduced as found and that - as far as the Board of Directors is aware of and can ascertain from information published by a third party - no facts or information have been omitted, which would render the reproduced information inaccurate or misleading. For information about the reproduction of information obtained from third parties, see section "Information from third parties" in this prospectus.*

## Business overview

### Audientes' disruptive hearing health products

Audientes is a Danish technology company specializing in designing, engineering, and offering quality hearing aids to millions of people worldwide. Audientes' product portfolio currently consists of two products - Ven and Companion.

#### The self-fitting hearing aid solution, Ven

Audientes' hearing aid solution 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.



Audientes launched Ven in India in Q4 2021 and started selling it in March 2022. The Company's mission with the product is to help the large number of people globally who suffer from disabling hearing loss and who either cannot afford one of the very expensive traditional hearing aids available on the market, or who do not have access to high-quality hearing aid due to a low number of hearing clinics and audiologists per capita, and long distances between clinics.

The WHO assesses that the number of people suffering from disabling hearing loss and who will be without a solution to their hearing loss will amount to 711 million by 2050.<sup>1</sup> According to the Company this is the case because of:

- Lack of audiologists/hearing experts

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<sup>1</sup> [World Report on Hearing \(who.int\)](https://www.who.int/news-room/fact-sheets/detail/world-report-on-hearing).

- High purchase price
- High usage price (the price of batteries)
- Expensive process with many sessions for setting and fine-tuning the hearing aids
- Some products can damage hearing and therefore are not a remedy
- Stigmatization of people with hearing impairments

Audientes technologically advanced and self-fitting hearing aid Ven has been developed with many of these aspects in mind. Ven disrupts the industry by offering hearing aids with no need for repeated visits to an audiologist or hearing clinic for adjustments and fine-tuning. Additionally, Ven offers a product at a competitive price – without sacrificing supreme quality and media consumption features such as audio streaming.

Audientes’ hearing aid is digital and self-fitting via the device itself or the free-of-charge app developed by the Company. Users will therefore be able to calibrate the hearing aid themselves without the assistance of a hearing expert or hearing clinic, which makes set-up and maintenance significantly easier than traditional hearing aids. Thus, the hearing aid is an accessible option for the middle-class consumer in low- and middle-income countries, and beyond.

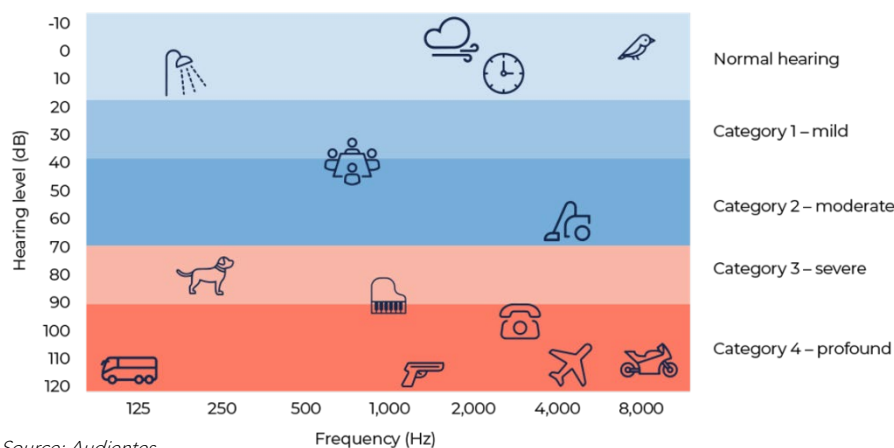
Ven has been developed with the following focus points in mind, together forming a fully-fledged concept that supports Audientes’ vision to alleviate hearing loss worldwide and the mission to create solutions that are accessible for a large number of people:

- Addresses moderate to severe hearing loss (disabling hearing loss)
- Self-fitting (no need for a hearing expert/clinic)
- Data-based optimization for continuous improvement of performance
- High quality (digital with 24-bit audio) at a competitive price
- Design (similar to regular “earphones”)

### Addresses moderate to severe hearing loss

Ven is designed to relieve people with moderate hearing loss up to severe hearing loss, being able to reduce peoples’ hearing loss within the 26 dB to 80 dB range. Disabling hearing loss is defined as a hearing loss for the best ear of more than 40dB. Ven is developed to alleviate mild hearing loss as well as the first two categories of disabling hearing loss. Ven can, for example, help people who have difficulty hearing what is being said in gatherings or hearing a vacuum cleaner, as well as people who can only hear/understand words shouted into their ears or who can only hear sounds as loud as a barking dog.

### Categories of hearing loss



## Self-fitting

Central to Ven is the self-fitting feature. The self-administered hearing test with automatic calibration means that Ven is ready for use within minutes, which eliminates the need for an audiologist both for setup and for adjustments.

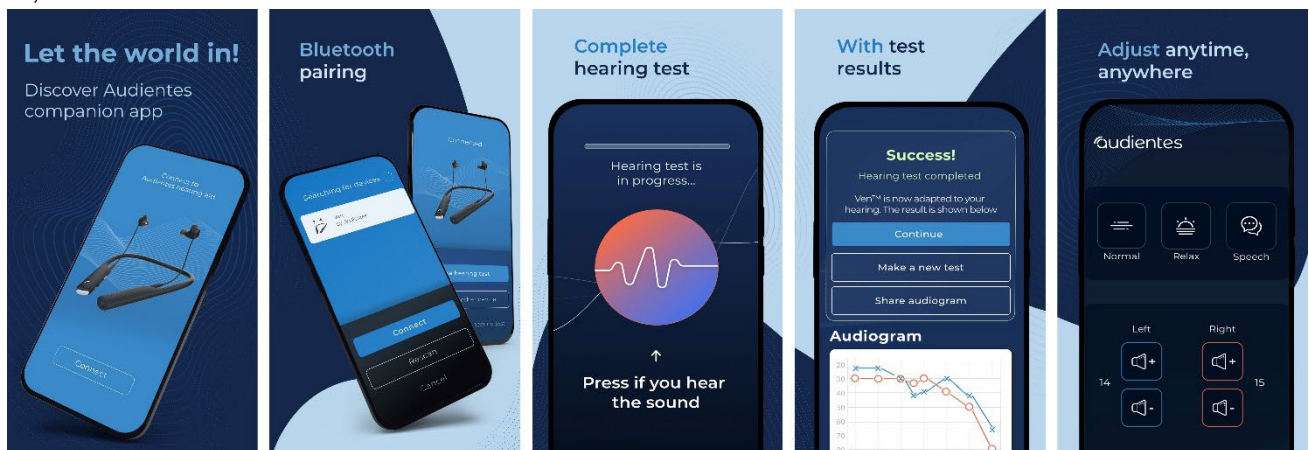
The most important quality standard in hearing test methods is PTA (pure-tone audiometry), which is used in all professional equipment. PTA determines the presence of hearing loss, the extent of hearing loss, and the frequency of hearing loss. The output of the PTA test, an audiogram, shows the hearing ability at standardized frequencies and is used to program hearing aids.

The PTA test is performed with Ven alone, or connected to a smartphone or tablet with Audientes' app. In the latter case, Ven is connected via Bluetooth to the phone or tablet, and the app assists the user through the hearing test, just as an audiologist will do at a classic hearing test. After completing the hearing test, Ven is set, and the user can easily fine-tune it by adjusting the gain of the individual frequencies. The test and fine-tuning take approximately five minutes. Hearing test data can be uploaded and stored in Audientes' cloud platform for later analysis of hearing health and user advice.

The app is available for free download and provides extended options for an improved user interface and improved user interaction with Ven, such as the ongoing ability to fine-tune the audio experience, and programs for different usage situations, for example, parties, TV, and concerts, as well as the ability to save multiple audiograms.

## Data-based optimization

Audientes' cloud platform will enable the storage of hearing test data (audiograms), analyses, and extends customer relations (Customer Relationship Management), sales, and support. Through the app, the cloud platform collects valuable hearing test data from consumers, their settings, and usage patterns. It can provide Audientes with objective information on how hearing aids are used and the different listening situations that users are exposed to daily. The data also provides a good way to identify topics for advice, product improvements, and ways to adapt the programming of the hearing aids to best meet the needs of each customer's lifestyle. Thus, the platform will be able to generate and provide advice as well as suggestions on how users should use their hearing aid for further benefit by giving ideas on how to use the hearing aid for music streaming, or how to fine tune. All data is managed by Audientes in accordance with applicable law (GDPR et al.).



## High quality and competitive price

Ven is based on digital 24-bit sound processing. It has the same structure as other certified quality hearing aids and meets the same industry standards as for hearing aids. Ven is developed and designed with both a competitive retail price and competitive operating costs in mind. The maximum recommended retail price for Ven is approximately USD 400 and thus in the level 15-20 percent of a set of the classic quality hearing aids (the basis of comparison is up to the intermediate category for classic quality hearing aids costing up to approximately USD 3,000 for a set).

The self-fitting function is an essential high-quality element in Ven; another is the form factor. Classic hearing aids are being developed in the direction of increasingly smaller devices for placement inside or behind the ear. This entails high production costs and narrow functionality. Ven has classic hearing aid functions, as well as an "earbud design" e.g., sports and music headsets, making it possible to accommodate more functions in the product – such as the Bluetooth feature. Ven can be produced using components that have a relatively low price compared to the special components on which the classic hearing aids are based.

Ven is developed with rechargeable batteries releasing users from having to change the batteries approximately every ten days. This reduces the Company's negative environmental impact, underscoring the sustainable aspects of Ven. The battery in Ven typically requires charging after two days of normal use (8-12 hours a day), depending on how frequently the Bluetooth feature is used to listen to music or tv-sound.

## **Design**

Ven is designed as a common but discreet Bluetooth headset to meet a variety of usability requirements. The product consists of two "earbuds", which collect sound with a microphone and reproduce the sound with speakers. The collected sound is processed digitally via the main unit in the neckband, which sends the individually amplified signal to the two earbuds. At the other end of the neck strap, the battery part is located, which ensures balance and retention of the neck strap. The neckband is designed so that it can be hidden under clothing so that the visual parts of the hearing aid resemble a headset used for music use, sports, and office environments.

## **The new product Companion by Audientes**

The Audientes Companion device is a binaural, digital hearable with ergonomically designed earphones and rechargeable batteries. Companion is a tool for people who want, or need to enhance their hearing, or who simply want a headset-solution optimized for a range of hearing profiles to improve the experience of music and audio streaming and phone calls.

Companion is a "consumer electronic"/non-medical device, fundamentally based on the Ven design but will – as a non-medical product – not be subject to the comprehensive medical device regulation required for market introduction in many countries. Hence, Companion is intended to "open sales" in most markets worldwide for Audientes.

Companion will be available in Q1 2023 in global ecommerce channels via Audientes.com and other retailers, and subsequently will also be introduced in select retail channels in USA, Asia, and Europe, among others.

## Business model

Audientes sells and develops innovative products to enhance hearing health globally. Audientes' mission is to help the approximately half a billion people globally suffering from disabling hearing loss who do not have access to a quality hearing aid due to a low number of audiologists per capita, a long distance to closest hearing clinic, or high costs of classic hearing aids. The ambition is to offer a broad product portfolio for sustainable hearing health. With the products Ven and Companion, Audientes has a product portfolio covering large parts of the hearing health spectrum.

Audientes' current business model is based on the Company designing, developing, manufacturing, and selling such products. Sales of Ven commenced in India in March 2022. The Company focuses on markets where millions of people in the middle class do not have access to high quality hearing aids due to the aforementioned factors Audientes will expand further in India through a multitude of channels, including optical shops, pharmacies, and hearing clinics, as well as via online sales. Direct sales entities and collaboration with strategic partners will speed up market access and sales execution. This will enable Audientes' partners to build a new business or expand their current involvement within hearing healthcare.

Commercial partnerships with regional distributors are the key component in the sales and distribution strategy for the retail segment. This will ensure Audientes' presence in professionally staffed sales outlets, where the Company will educate staff on Audientes' hearing aids, so they can better sell and give customers service on how to use the product. By having a strong presence in the traditional retail market, as well as marketing for sales online, it is the Company's objective to become an authority on bridging offline and online retail. As of the date of this prospectus, Audientes has 80 wholesale collaboration partners in India with more than 500 points of sales all over India offerings its Ven-product.

## Key capabilities of Audientes business model

The Company has identified the following key capabilities central to Audientes' business model.

- **Technology and innovation:** Audientes' extensive technological skills, combined with long experience in effective marketing of consumer electronics and medical devices, is a pivotal cornerstone of the business.
- **Digitalization and simplification:** Audientes has detailed processes within product development, supply chain, production, and customer support. To ensure speed in execution, Audientes partners with market leading manufacturers, suppliers, developers, and quality management advisers.
- **Collaboration and partnerships:** The immense focus on accessing high-potential growth markets in collaboration with in-country partners accelerates the development of impactful sales and e-commerce channels.
- **Scalability:** Implementation of a quality management system and detailed processes in product development, operations, and customer support functions (including learning capabilities) facilitate efficient scaling of the business model and the customer connection.

## Certification and approvals

The Ven family of hearing health solutions are intended to be sold worldwide. In many markets FDA and CE/MDR approvals are necessary for Audientes' products to be marketed under the "hearing aid" nomenclature. In such markets and in accordance with applicable law, the Company intends to start by marketing it as a "Hearing Instrument" or "Assistive Listening Device" (ALD), or similar designation that is valid in that market. Once the approvals are obtained, expected in 2023 and 2024 respectively, Ven can be marketed as a hearing aid. Until such time as these approvals are obtained, or if they are not obtained, or in the long run not deemed relevant, Audientes will instead work with alternative channels and markets appropriate for its products.

In compliance with hearing aid standards and testing processes, Ven meets several international standards for hearing aids:

- ANSI S3.7, 22, 25, 35, 36, 42.
- IEC 60118-0, 2, 4, 5, 6, 8, 12, 13, 14, 15.

Audiometry complies with the following international product standards:

- ANSI S3.6-2018 and IEC 60645-1: 2017 (audiometer).
- ISO 8253: 2010 Part 1: Pure-tone Air (audiometry).

## Intellectual property rights

### Patents

Audientes assesses that the protection of the Company's product is sufficient, and the Company is not dependent on patents to operate in India or other markets of interest to the Company. The table below shows the Company's patent applications as of the date of this prospectus. So far, Audientes has applied for one patent related to core functionality in the hearing aid platform.

Patent family	Application number	Application date	Area	Country	Expiration date	Status
Adaptation/acclimatization methods for hearing aid and hearing aid incorporating such adaptation methods	EP 21020358.4	2021-07-08	Europe	EPC*	2041-07-08	Pending

\*Albania, Austria, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxemburg, Malta, Republic of Moldova, Monaco, Montenegro, Morocco, Former Yugoslav Republic of Macedonia, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom.

### Trademarks, design protection and domains

The Company holds the trademarks Audientes and the letter 'a' in the Company's logotype, which are covered by trademark protection in both India and several other markets of interest to Audientes future operations.

The Ven name is also trademarked in India and several other markets of interest to Audientes future operations including EU, WIPO, USA, China, Japan, South Korea, Indonesia, Malaysia, The Philippines, Turkey, and Vietnam.

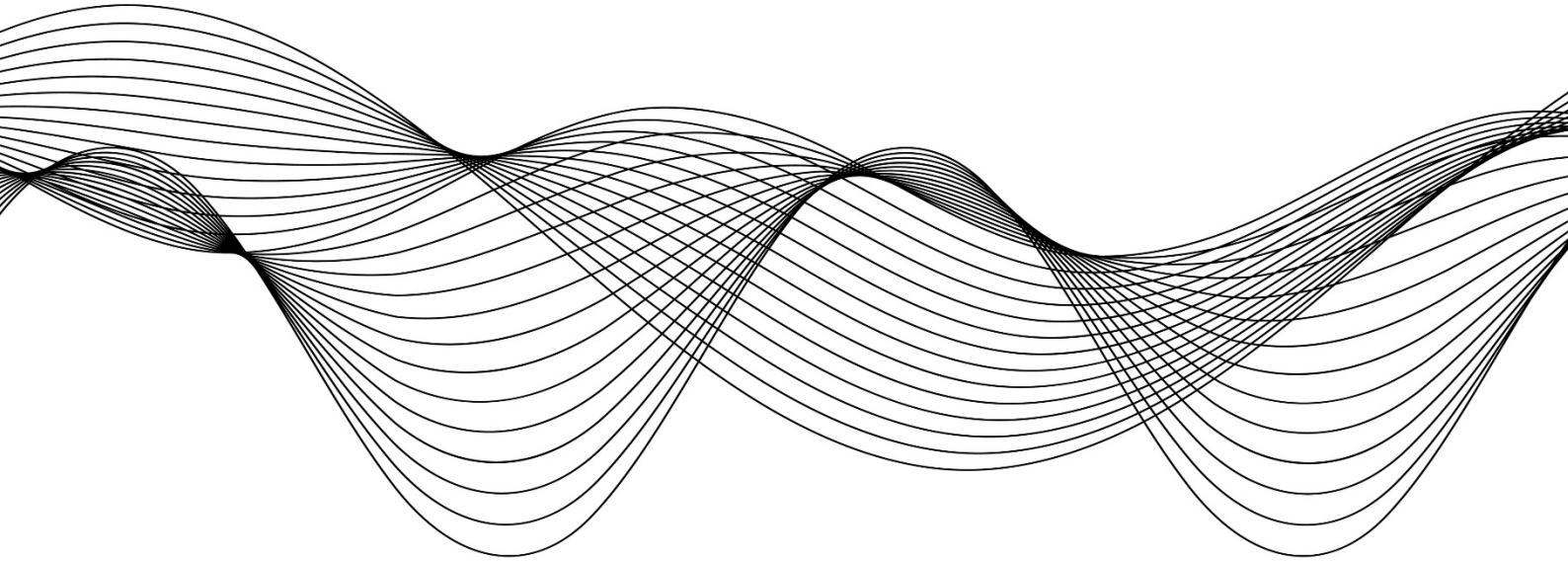
Audientes has applied for design protection on their hearing aid product Ven on several markets and some are still pending. The design of Ven is, at the date of this prospectus, registered as a design belonging to Audientes in key manufacturing locations such as the EU, USA, India, and China. It is Audientes assessment that the scope of protection for all brands are sufficient based on the Company's current operations.

Audientes holds the domains Audientes.com, Audientes.dk, Audientes.in, and Audientes.eu.



### **Intellectual property agreements**

Audientes has licensed the NAL-NL2 software algorithm from the National Acoustics Laboratories (“NAL”) in Australia, the research division of Australian Hearing Services (ABN: 80 308 797 003) on a non-exclusive, non-transferable, worldwide basis. This allows Audientes to incorporate this into its product and make it available for use by its customers and end-users. Audientes pays a royalty fee annually for the use of this software algorithm per product shipped. The license is not time bound and can only be revoked should Audientes be in breach with material license terms.



## Growth strategy and objectives

Audientes has adopted a growth strategy to expediently increase sales volumes and revenues in the coming years to meet the Company's growth targets. The initial focus market is India, where Audientes began sales of Ven in March 2022. A key focus in India is to scale its B2B go-to-market model with retail points across India with a strong presence in all states, while continuing to drive nationwide online B2C marketing as well as further developing this sales channel.

With Ven in the Indian market, Audientes will in parallel support and maintain the product based on customer feedback and market learnings. The Company will develop and periodically release software enhancements to product software and apps. Portfolio-innovation e.g., product variations such as new colours and other design enhancements will, together with a collection of accessories, generate increased revenue and expand the utility and joy of using Ven (and future products). Looking into 2023 and onwards, Audientes will expand its operations to Europe and USA, as well as increase sales in India.

The overall growth strategy for Audientes is based on three focus areas: product strategy, distribution strategy, and internationalization strategy. In accordance with the Company's product strategy, the current product will be further developed and enhanced – as will new products that are in pipeline, such as Companion – culminating in a broad product portfolio of hearing health solutions. In the area of distribution, Audientes aims to combine a strong presence in the traditional retail market – which is the dominant channel today in the hearing aid market – with online sales, which is the fastest growing channel for literally all consumer goods today. Furthermore, the Company has an online strategy enabling customers to buy the product online and to get professional assistance from their retail partners' points of sales with setup and personalization. Audientes will, following the planned FDA-approval in USA, make other markets accessible (the FDA-approval model is similar to other how other markets structure their approval process), creating a solid base for further sales expansion of Audientes products.

The combination of these strategic areas will enable Audientes to increase sales growth and revenues from existing and future products, and to reach important operational and financial milestones during 2023-2025.

### **Product strategy: more than just a smart hearing aid**

Ven and Companion are the first of Audientes products to enter the market. Audientes aims to make affordable hearing loss solutions in attractive designs and across a broad spectrum of form factors and technical specifications. In the coming years, Audientes will also continue to invest in the maintenance and support phase of Ven and its future products in the market, to ensure ongoing customer satisfaction and develop sales opportunities from upgrades and accessories.

At the same time, Audientes has commenced the development of its future products. These products may be in the same form factor and design as Ven, e.g., product variants that may be introduced in new markets or countries, such as Companion, or completely new designs depending on market research and requirements to build upon the Ven experiences and market opportunities.

### **Distribution strategy: bridging offline and online retail**

Audientes current product concepts, Ven and Companion, 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 Audientes' aspiration to build a sales platform capable of selling a substantial number of units annually, the Company's strategy is to become the authority on bridging offline and online retail.

Audientes go-to-market plan focuses therefore on two areas:

- 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. These channels are seeking quality products available at an affordable price and looking to explore the 'over-the-counter' types of products such as Audientes'.

- Ecommerce, which has grown rapidly due to Covid-19 and other consumption drivers. Audientes is well-positioned to capitalize on the ecommerce trend because it is creating products optimized for online sales which do not need any expert involvement for a user to get up and running and to hear well again.

Commercial partnerships with regional hearing aid distributors and retail groups are a key component in the Company's distribution strategy for the retail segment. This ensures Audientes' presence in professionally-staffed sales outlets, where the Company will educate personnel on its hearing aids, so they can better sell and service Audientes products - before and after the sale. At the date of this prospectus, Audientes has over 80 wholesale collaboration partners in India, with over 500 points of sales.

Audientes will continue to use ecommerce as a conduit to familiarize itself with each market and the market demand before fully entering it. Once Audientes has increased understanding of the local market mechanisms and consumer interest in the Company's products, Audientes will assess whether to continue the ecommerce sales with a local shop or B2C partner-based setup or begin to also engage the B2B channels with distributors and retail outlets to reach more customers and drive market penetration - or a combination hereof.

#### **Online sales with offline synergies: Buy from a local clinic**

There is also an expected shift in the hearing aid market from 'offline-only' sales to "online-also". In the post-COVID-19 era, ecommerce has received a significant boost, and Audientes is well placed to reap the benefits hereof, as the Company is also marketing directly to end-users. However, most hearing aid resellers are exclusively selling ordinary classic hearing aids from their retail outlets, with in-person consultations, fittings, and purchase.

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, as a part of its distribution strategy, developed a "click and collect" service where the Company invite hearing aid resellers to participate in the Company's web shop at Audientes.in, while also providing end-users with access to professional fitting and other support from Audientes hearing aid reseller partners.

Audientes collaboration approach will achieve sales synergies with its B2B sales partners in India, whereby it also gives the hearing aid resellers the opportunity to generate revenue online through the B2C digital web shop platform on Audientes.in. The Company calls this "Buy from your local clinic".

This synergistic 'online-offline' approach ensures that end-users who are buying Audientes products online through Audientes' digital ecommerce shop, are given the option of in-clinic testing, fitting, and personalization assistance from the hearing aid retailers.

Users purchasing Audientes products online can then 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 retailers will help support and improve the Ven value proposition for end users when buying their hearing device online.

This approach also leads to other valuable synergies for 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 hearing resellers enabling them to expand their client database and develop a new revenue stream.

#### **Internationalization strategy**

Audientes has begun the development of its coming self-fitting hearing aid for the emerging US OTC ("Over-the-Counter") hearing aid market, enabled by new legislation designed to liberalize the availability of hearing aids in alternative channels. With an expected FDA approval in late 2023 of Audientes self-fitting hearing aid, sales efforts in USA are expected to intensify in Q4 2023 and onwards. Once the FDA-approval for Audientes' medical grade hearing aid has been secured, many further markets will become accessible for Audientes. Future expansion plans therefore include for example Japan. Other Asian markets that follow the FDA-approval model, and therefore have similar requirements in

their national regulations include Japan and China, for example, as well as other countries in Southeast Asia. Audientes sees these markets as potential accessible markets after the planned FDA-approval.

Audientes is currently engaged in securing ISO 13485 approval (quality management system) as part of its focus on quality in its processes and working mode, as well as its intention to develop markets in Europe. This will mandate certification for EU/MDR (Medical Device Regulation), which will be sought in the 2025 horizon.

Audientes sees a great potential for the Company's products on a global scale and is, as stated, targeting a market entry in USA. Looking ahead, it is a part of Audientes growth strategy to choose timings and locations for future expansion points at a later stage.

Audientes will continuously evaluate other market opportunities and monitor local conditions with a view to enter these when opportunities are verified, and conditions are right. This will be done by monitoring circumstances in relevant countries as well as using ecommerce channels to familiarise itself with new markets and assess demand, before making a full market entrance.

The market entry model for B2B sales in classic retail channels will be tailored to suit the individual market conditions, employing either a high-touch (own representation) or low-touch (local distribution partners) market entry model, or a combination of both. Online sales across a variety of B2C channels is a key element in going to market in all countries where Audientes may market and sell its hearing health products.

## Objectives

Below is a summary of the Company's key operational objectives between 2023 and 2025, as well as a description of the Company's financial objectives.

### 2023

- Further develop the collaboration with distributors & retail partners in India and increase its B2B go-to-market model to over 800 retail points of sale.
  - Introducing the advanced hearable "Companion by Audientes", a consumer electronics product expectedly commercially available from Q1 2023, in key markets with emphasis on USA, Europe, and Asian countries, such as India and Japan,
- strengthening Audientes growth potential and broadening its product portfolio and offerings.
- Secure ISO 13485 approval (quality management system), which will enable Audientes to attain medical device approvals in Europe and in a variety of other markets worldwide for its coming products.

### 2024

- Further scaling the business in India, USA, Japan and in further European countries, growing the Company's B2B channels to over 1,600 points of sale.
  - Introduce a new hearing aid product in the USA market for B2C and B2B channels to capitalise on the new regulation from the FDA enabling over-the-counter (OTC) sales of self-fitting hearing aids such as Audientes'.
- Expand B2C and B2B channel presence to other countries in Asia and Latin America subject to verified market potential and operational conditions such as local distribution partners.
  - Commence development of future products to be introduced to markets worldwide in the 2026 timeframe.

## 2025

- Develop primary markets in Asia, USA, and Europe further by replicating the B2B channel model in further states and channels to over 2,400 points of sale.
- Achieve EU/MDR (Medical Device Regulation) certification for a hearing aid product and begin marketing and selling it in select European markets.
- Assess China market potential and develop entry strategy for the Company's medical grade hearing aid products in 2025/26 horizon.
- Assess market penetration potential in middle income countries (MICs) in Middle East and Africa to establish a presence in these people-rich countries with substantial potential for the Company.

## Financial objectives

Audientes aims to have revenues of approximately DKK 3.5-5 million during the financial year 2022. Furthermore, the Company's objective is to have a sales growth in the medium to long term in the range of 50-60 percent annually. The expected sales growth is calculated based on expected sales with a channel-differentiated price for wholesalers and chains, as well as via Amazon and other online marketplaces in Audientes' target markets.

## Profit estimate of EBITDA result 2022

### Background

This section contains forward-looking statements that reflect Audientes's plans, estimates and assessments. Audientes's actual EBITDA<sup>2</sup> result for 2022 may differ materially from the outcomes expressed in such forward-looking statements. The factors that could cause such differences include, but are not limited to, those set out later in this section and in other parts of the prospectus, including the section called "Risk factors". Audientes Board of Directors is solely responsible for the content and for the underlying basis on which the assessment is based.

### Significant accounting principles

The estimate of Audientes EBITDA result for the financial year 2022 has been prepared in accordance with the accounting principles used by the Company, which are stated in the section "Financial information and key figures" on page 54. Subsequently, the profit estimate has been prepared on a basis comparable with the annual financial statements.

### Estimate of EBITDA result for 2022

The Company expects an EBITDA result for the financial year 2022 to be approximately DKK -10 million to DKK -12 million.

The estimate is based on the information stated under "Statement of the most significant assumption used in the estimate for the EBITDA result" on this page.

The Company considers EBITDA to be a profitability metric that, in a balanced manner, reflects the profitability of the Company's underlying operations, prior to capital structure effects, and is assessed as having superior relevance from a shareholder perspective compared with earnings before tax (EBT).

### Statement of the most significant assumptions used in the estimate for the EBITDA result

The estimate of the Company's EBITDA result for 2022 (from 1 January to 31 December 2022) and which has been prepared by the Company's executive management, is based on the following assumptions

broken down by those that the Company is able to influence and those that are outside the Company's control.

#### Assumptions outside the Company's control (fully or partly):

- General sales volume growth per year of 10 percent based on industry growth numbers in hearing aid sector in India.
- Constant exchange rates.

#### Assumptions that the Company can influence (fully or partly):

- Maximum retail price in India of INR 32,000 for the Company's hearing aid Ven in 2022.
- An increase in net sales for its hearing health products as a result of growth in the number of active retail points of sale and locally employed sales staff, which are expected to have full impact in 2022.
- Increased marketing expenses in online (B2C) and classic retail (B2B) channels aimed at driving further market penetration and growth of the Company's operations in India.
- Increased product development efforts, in particular external consultancy assistance, for maintenance, updates and functionality to existing products, as well as developing new products.
- Increase in efforts to prepare and apply for product registrations and certifications (incl. medical device approvals).
- Salary increases for employees in India of around 20 percent/year.
- Other central administration expenses are expected to increase slightly as a result of general inflation and price increases which will lead to increase in personnel expenses and office rental costs.
- Increased IT costs as a result of the launch of new initiatives involving GDPR-compliance efforts, and measures to improve the Company's cyber-security.

If these assumptions are not met, individually or combined, it may have a material adverse effect on the Company's ability to achieve its EBITDA result estimate for the financial year 2022.

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<sup>2</sup> For a complete description of the Company's key figures, please see section "Financial information and key figures" and subheading

"Definitions" on page 54 for definitions of key figures not defined by IFRS.

## General company information

Audientes legal and commercial name is Audientes A/S with the corporate registration number (CVR) 36047631. The LEI code of the Company is 984500F69AMF062DF496. Audientes was incorporated in Denmark and is a Danish public limited liability company governed by Danish law, including but not limited to the Danish Companies Act (Dk. Selskabsloven).

The Company was established on 15 July 2014 as a private limited company. At a general meeting on 5 August 2020, the Company was transformed into a public limited company. In June 2021, Audientes established the subsidiary Audientes India Pvt. Ltd. Located in Hyderabad, India.

The Company's address and the registered office of the Board of Directors is Teknikerbyen 5, 2830 Virum, Denmark. Company representatives may be reached at telephone +45 77 34 16 80, and by e-mail at [investors@audientes.com](mailto:investors@audientes.com). The Company's visiting address is Teknikerbyen 5, 2830 Virum, Denmark, and the website is [www.audientes.com](http://www.audientes.com). It is to be noted that the information on the Company's website does not form part of the prospectus unless the information is incorporated in the prospectus by reference.

## Organizational structure

Audientes India Pvt. Ltd, founded in June 2021, forms an Indian subsidiary of Audientes. Audientes India Pvt. Ltd is located in Hyderabad, India. The Company's operating activities are conducted mainly from Copenhagen, Denmark, while the Company's sales in India are conducted by the Indian subsidiary. As of the date of this prospectus, Audientes A/S only has holdings in Audientes India Pvt and no other companies.

Audientes internal structure consists of The Board of Directors at the top, followed by the CEO Steen Thygesen. Audientes has a leading executive management team consisting of CEO and CTO (Hossein Jelveh). Additionally, Audientes have a team of six persons in various positions: CMO, Head of Wholesale (global), Head of operations, Head of Ecommerce, Head of UX, Country Head India, and Head of Program Management. At the date of this prospectus, the total number of employees in the Company amounted to 12 and the number of employees in the Indian subsidiary amounted to 7.

## Financing

Assuming that the Rights Issue described in this prospectus is fully subscribed (initial issue and exercise of warrants of series TO 1 ), the Board assesses that the Company has the financial capacity to carry out the activities set out in the section "Motives for the rights issue" in the prospectus. The Board estimates that the forthcoming initial part of the Rights Issue and the following warrant exercise will cover the business's capital need until the end of Q4 2023. However, in view of Audientes' strategy - to expand and launch the Company's products in new markets - additional capital is required to maintain momentum and growth. The Board therefore assess that an additional capital need may arise after Q3 2023. The size of the capital need is difficult to assess and depends on a number of factors, e.g., global sales growth. Audientes will evaluate various financing options, such as additional capital raising, or run the business at a lower rate than planned until additional capital can be raised. This also applies in the event that the Rights Issue is not fully subscribed.

## Significant changes in loan and financing structure

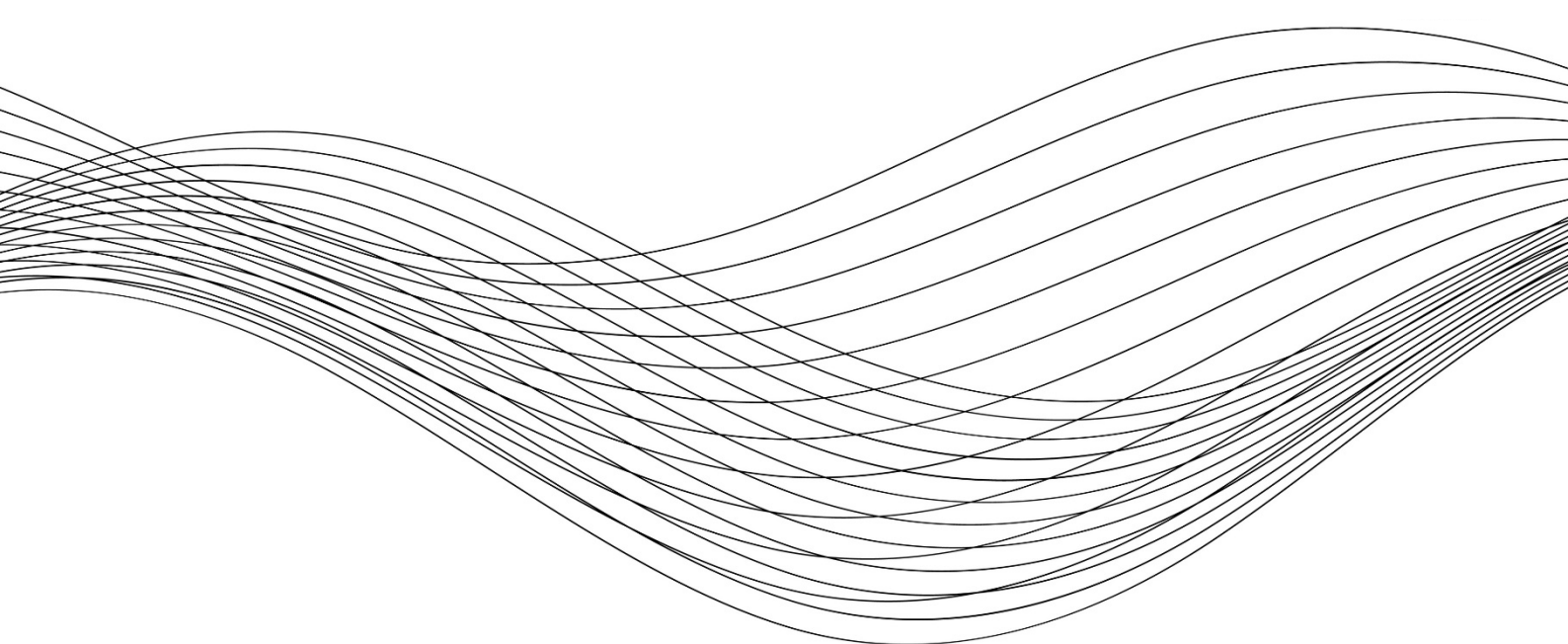
Audientes secured a loan of DKK 7.5 million on 20 April 2022, which was previously due for 20 November 2022. The loan enabled Audientes to finance manufacturing, marketing, and sales of Ven to build business momentum prior to present capitalization. The lenders and Audientes have mutually agreed to extend the loan until the latest 30 June 2023. The extended loan carries the same essential terms as before, i.e., an interest rate of two percent per started calendar month and a non-interest-bearing commitment fee of 5 percent. The same lenders have entered into so called "top down" guarantee commitments in the Rights Issue amounting to approximately DKK 3.5 million, and any allocation of units in the Rights Issue, as well as any issue proceeds surpassing DKK 10 million, will be set off against their interest claims and outstanding loans.

CEO, other existing shareholders, and investors has entered into subscription commitments amounting to approximately DKK 1.1 million (approximately 8 percent of the Issue amount). Payment in accordance with the subscription commitments has been provided from the parties in form of a bridge loan which will be set off against units in the Rights Issue. The bridge loan carries two percent interest per started calendar month (non-compounding), the interest is also planned be set off against units in the Rights Issue.

Apart from that, the Company has no significant financial contracts, including loan agreements and other financing agreements, to support day-to-day operations, and there are also no significant licensing obligations. There has been no significant change in the Company's borrowing and funding structure since the end of the last financial period, 30 September 2022.

### **Investments**

As of the date of this Prospectus, no material investments have been made since the end of the last financial period, 30 September 2022. Besides the Rights Issue described in this Prospectus, there are no investments that are in progress and/or for which firm commitments have already been made.





# Market overview

## Background

### Hearing loss

Hearing loss is divided into four categories – (1) slight hearing loss, where voices spoken in normal tone can be heard at one meter, (2) moderate hearing loss, where words can be heard when spoken with raised voice, (3) severe hearing loss, where words can be heard if someone shouts into the better ear, and (4) profound hearing loss – including deafness – where words cannot be heard or understood even when these are shouted. It is called disabling hearing loss (“DHL”) when a person suffers from hearing loss in category 2, 3 or 4.

### Traditional solutions for hearing loss

#### Classic hearing aids

Classic hearing aids are medically certified products that can be used for all categories of hearing loss. They fit inside or outside the ear and amplify and modulate audio signals to meet the specific needs of the hearing-impaired person. Hearing aids consist of a microphone (receiving the sound), a filter, an amplifier (amplifying single frequencies), and a speaker (transmitting the amplified sound into the ear canal).

With a particular focus on the high-income markets, the large and international manufacturers of hearing aids have developed high-quality hearing aids in small and compact sizes. These advanced hearing aids require large development and production costs, which is a significant factor for a price range of USD 800 – 6,000 for a set, where the latest and most innovative solutions are in the upper part of the buckle.

Hearing loss is individual from person to person, including at which frequencies there is hearing loss and to what extent there is hearing loss. This adjustment is often made in several rounds. First, a traditional hearing test is performed, which is typically performed at a hearing clinic, where the individual hearing loss is determined. The hearing aid is then adjusted to the established hearing loss. The hearing aid is then fine-tuned one or more times so that it works optimally, including after the user has become accustomed to the amplified sound from the hearing aid.

To get a traditional hearing aid the customer needs to visit a hearing clinic several times to conduct tests and to adjust the hearing aid after use. In countries where there are many hearing clinics, it is not considered a major problem, but in low- and certain middle-income countries – such as India – where there is roughly one hearing expert per half a million inhabitants<sup>3</sup> and with large geographical distances between clinics, a visit to a hearing clinic can be a barrier to acquiring a hearing aid. Consultations at a hearing clinic with audiologists also entail cost, which is added to the price of the hearing aids or paid separately per visit.

#### PSAPs

Personal audio amplifiers (PSAPs) are products that are not certified as medical devices, also sometimes referred to as ALDs – Assistive Listening Devices. The price for a good PSAP is around approximately USD 100 up to approximately USD 600, although even cheaper products can be found. PSAP’s typically amplify all frequencies or use single but potentially incorrect filters, where certain frequencies are amplified more than others. Thus, they cannot be adapted to the individual hearing impairment, and according to the FDA, they are typically designed and intended for people with normal hearing. In addition, according to the FDA, they can potentially damage users’ hearing by amplifying frequencies that do not need amplifying.

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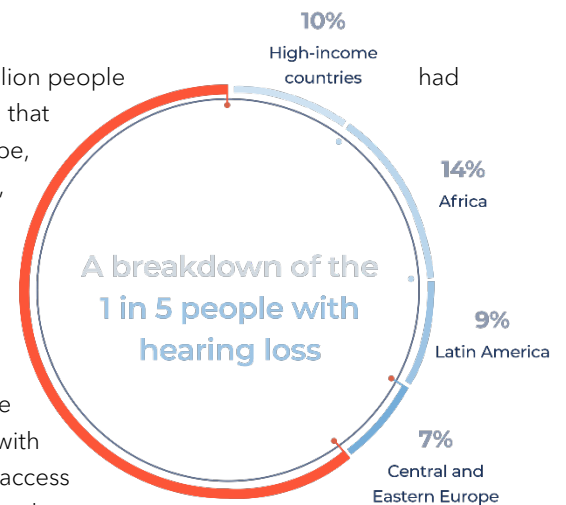
<sup>3</sup> [Welcome to ISHA \(ishaindia.org.in\)](http://www.ishaindia.org.in)

## Audientes market potential

Today, 1.5 billion live with some degree of hearing loss globally, a number that could grow to 2.5 billion by 2050<sup>4</sup> due to a growing and ageing population<sup>5</sup>. Most of these are people residing in low- and middle-income countries with a few numbers of hearing clinics and audiologists per capita.<sup>6</sup>

Of these 1.5 billion people suffering from hearing loss, approximately 430 million people so-called disabling hearing loss in 2019. A breakdown of this category shows that barely 10 percent stem from high-income countries (North America, Europe, Japan, Australia, and New Zealand), with approximately 14 percent from Africa, nine percent from Latin America, seven percent from Central and Eastern Europe with the remaining - approximately 60 percent - stemming from Asia, with China and India holding the dominant share.<sup>7</sup>

With a primary focus on the approximately 430 million people worldwide that need alleviation for their disabling hearing loss, Audientes has within the regions of Asia, and in particular India, begun to drive a shift in how people with hearing loss can gain access to quality solutions even when they do not have access to a hearing care professional. India is the geographical market were Audientes has launched Ven. With a population of 1.3 billion, India is the largest country in the South Asian region. The Company perceive India as politically stable, with substantial economic growth, a rapidly growing middle class as well as a low density of hearing clinics and audiologists. There are over 75 million people in India who suffer from disabling hearing loss, and over 160 million with mild hearing loss. Audientes has tested and adapted Ven in India since 2017 and the Company estimates that the market in India consists of at least 25 million potential Ven consumers.

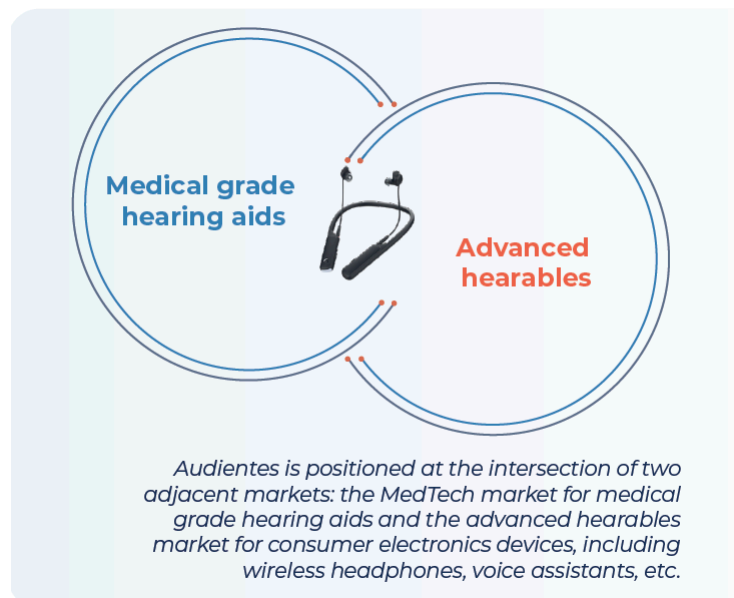


Source: Audientes & WHO world report on Hearing.

## Intersecting two major markets

Audientes is presently selling Ven as a hearing aid in India without the requirement to classify the product as a medical device - reducing initial focus on obtaining costly and time-consuming certifications. It is Audientes strategy to introduce medical grade hearing aids products in all markets, also India, going forward, while at the same time also introducing new products in unregulated markets.

To address unregulated markets, Audientes will make adequate adjustments to the product and market it as an "advanced hearable" or an "assistive listening device". Hence, Audientes is positioned at the intersection of two adjacent markets: the market for consumer electronics devices, including Bluetooth wireless headphones, voice assistants, etc., and the market for medical grade hearing aids.



<sup>4</sup> [World report on hearing \(who.int\)](https://www.who.int/news-room/fact-sheets/detail/world-report-on-hearing)

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

The estimated size of the classic hearing aid market in terms of units shipped annually is averaging USD 17-18 million<sup>8</sup> and the estimated market size amounts to approximately USD 6 billion.<sup>9</sup> The market 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 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 offering “advanced hearables” i.e., ear-worn devices, in a variety of shapes and sizes and with rich functionality. This is, according to Audientes assessment, going to exceed the size of the conventional hearing aid market many times in terms of both annual units shipped and overall market value.

Spending on ear-worn devices, or “advanced hearables”, will amount to approximately USD 44 billion by the end of 2022 globally.<sup>10</sup> This global market is a subset of the end-user spending on wearable devices, which is estimated to amount to approximately more than USD 90 billion by the end of 2022.<sup>11</sup> Ear-worn devices, smartwatches, and head-mounted displays are the products leading the growth of the market, with a growth rate two to three times higher than that of the classic hearing aid market, having a 2-4 percent annual growth rate.<sup>12</sup>

### **Future markets**

It is Audientes intention to expand the business further into Europe, USA, and Asia in 2023, and then further into other markets the following years. There are several factors that needs to be considered when expanding, such as local market conditions, current legislation, political stability, local economic situation, etc. However, Audientes has identified that the most considerable earnings potential for the Company is found in North and South America, Europe, and in other Asian countries besides India, making these areas the next expansion points.

### **The Americas opportunity**

The region of the Americas presents a massive opportunity for Audientes with over 217 million people currently living with hearing loss at various levels.<sup>13</sup> By 2050 that number is estimated to rise to 322 million.<sup>14</sup> In the US alone, the number of people who could benefit from wearing a hearing aid is approximately 28 million.<sup>15</sup> In 2021, hearing aids sales in the US amounted to approximately 4.73 million sold units, making it the world’s single largest hearing aid market.<sup>16</sup>

As at the date of this prospectus, new legislation has recently been introduced in the US, allowing hearing aids to be sold OTC (over the counter). The final rules were communicated in August 2022. Accordingly, Audientes plans to enter the USA OTC market with an FDA-approved hearing aid in early 2024. The Company’s FDA project builds upon the Ven concept and platform but will be updated and tailored to meet FDA requirements.

With an immediate focus on the USA market, coupled with new OTC legislation, Audientes is poised to harness this market opportunity with a planned product introduction of Companion in Q1 2022 and an OTC-product in Q1 2024. The USA market entry will be followed by other markets where the need is great, but hearing aid uptake is low due to accessibility and the cost of quality hearing aids.

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<sup>8</sup> <https://www.ehima.com/about-ehima/hearing-aid-sales/>

<sup>9</sup> [AR - Management \(azureedge.net\)](#)

<sup>10</sup> [Gartner Forecasts Global Spending on Wearable Devices to Total \\$81.5 Billion in 2021](#)

<sup>11</sup> Ibid.

<sup>12</sup> [Gartner Forecasts Global Spending on Wearable Devices to Total \\$81.5 Billion in 2021.](#)

<sup>13</sup> [Ear and hearing care - AMRO \(who.int\)](#)

<sup>14</sup> Ibid.

<sup>15</sup> <https://www.nidcd.nih.gov/health/statistics/quick-statistics-hearing>

<sup>16</sup> [Hearing Aid Sales Increase by 37% in 2021 | The Hearing Review](#)

## The Asia opportunity

Approximately 400 million people in South-East Asia have some degree of hearing loss, a number that by 2050 are projected to be approximately 666 million.<sup>17</sup>

Today, more than 300 million people in Asia's five regions are suffering from disabling hearing loss.<sup>18</sup> In Japan, for example, approximately 13 percent (nearly 14 million people) of the adult population have hearing loss. And while Japan ranks as the third wealthiest country in Asia, only approximately 14 percent of people with hearing loss are currently using hearing aids.<sup>19</sup>

Population rich countries in Southeast Asia such as the Philippines too have vast numbers of people with hearing loss, where the local infrastructure and demographics makes access to affordable quality solutions difficult for many millions of people. In the Philippines, 15 percent of the population have a moderate or worse hearing loss (49.1 percent in adults aged 65 years or older), which means nearly one in seven people in the Philippines has serious hearing problems.<sup>20</sup>

Consumers with hearing loss in markets like the Philippines are currently not served well primarily due to the lack of audiologists and the high price of current hearing aids on the market. Subsequently, Audientes sees a clear opportunity for its products in Asia, both online and over the counter sales.

## Competitive landscape

There are several manufacturers of different products that compete with Ven. The market for hearing aids is fragmented and consists of relatively many players who provide several types of hearing aid solutions in different price ranges and for the different categories of hearing loss: mild hearing loss, moderate hearing loss, severe hearing loss and deep hearing loss.

In Audientes view, the products presented to consumers can be divided into three categories:

- 1) Expensive high-quality products that can alleviate up to profound hearing loss, which are produced by the five big and classic manufacturers.
- 2) Affordable sound amplifiers/personal audio amplifiers, which are primarily useful for mild hearing loss, although some can provide high sound amplification, and which are manufactured by multiple manufacturers.
- 3) New advanced "consumer electronics" products also called "advanced hearables", which are typically used for mild to moderate hearing loss, and which have a price between PSAPs and the classic hearing aids.

Ven belongs in principle to the third group, and it is therefore the manufacturers in this group that Audientes considers to be real competitors. Companion would belong to the second group as a quality offering with user-selectable audiogram-based programs to avoid damaging hearing health.

The affordable PSAPs with prices from less than DKK 100 to several thousand are produced by a large number of manufacturers and come in many different designs. Common to all the devices is that they amplify different frequencies in a predefined way regardless of the real needs of the individual user. They are therefore primarily aimed at people where price is a critical factor, and they are most appealing to people with mild hearing loss. However, as they can often amplify much, they are used by many people with more pronounced hearing loss, which according to the FDA can damage hearing.

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<sup>17</sup>[World report on hearing \(who.int\)](#)

<sup>18</sup> Ibid.

<sup>19</sup> EHIMA, JapanTrak 2018 study, [Ehima - EHIMA - European Hearing Instrument Manufacturers Association](#)

<sup>20</sup> [Nearly one in six in the Philippines has serious hearing problems | hear-it.org](#)

Audientes' customer segment is typically people with category 2-3 hearing loss (moderate to a severe hearing loss), who need an affordable and accessible product. The competitors are therefore basically considered to be the new players such as Eargo, iHear, and Nuheara, all of whom have products that do not need a consultation at a hearing clinic. However, products from these manufacturers are technically very different and solve the task of remedying hearing loss in different ways. In the Company's view, few of these new actors carry out an actual adjustment (called 'fitting') of the amplification to the individual's hearing profile.

## Challenges

### COVID-19

The COVID-19-pandemic resulted in lock-downs of entire countries. China still imposes harder rules than many other countries in the world. For Audientes, with production located in China, the maintenance of these rules, or the inability to relax the rules, can create delays in production of current and future products. Subsequently, restrictions imposed as a consequence of COVID -19 could be a challenge for Audientes in relation to manage production, shipments and – in extension – maintain a desired sales rate of the Company's products (for more information, see also "COVID-19" on page 37).

### Inflation and business cycles

To combat rising inflation, the Federal Reserve System (FED) has announced several interest rates hikes in 2022 and there are indications that the world is heading for a global recession.<sup>21</sup> If inflation gets high in India, or other markets where Audientes plan to expand in the coming years, this could affect people's purchasing power and impede sales of the Company's products. Inflation can also increase prices in components and other parts of Audientes products. To parry such price changes, Audientes may need to increase the retail price of its products or keep the same price as before and accept lower earnings per sold product. In addition, if the world is entering a global recession, this could create challenges for Audientes if consumers want to consume less due to an uncertain economic situation (for more information, see also "Business cycles and economic trends" on page 38).

## Trends

### Growth of an aging but active population

The global population is both growing and ageing, leading scientists to estimate that the global population will increase from approximately 7.7 billion today, to approximately 10 billion by 2050.<sup>22</sup> It is anticipated that among those, approximately 2.5 billion will suffer from some degree of hearing loss.<sup>23</sup> As people live longer and want to participate in society to their best effort, Audientes believes this demographic and hearing loss progress can be beneficial for the Company and increase demand for smart ear-worn hearables with biometric and health related capabilities.

### Booming self-help industry

The market for self-help and wellbeing solutions is large and fast growing. According to the Global Wellness Institute, the global wellness economy will grow at a rate of approximately 9.9 percent annually and is expected to reach approximately USD 5.0 trillion in 2021 and will grow to approximately USD 7.0 trillion in 2025.<sup>24</sup> The Board assesses that a stronger customer focus on self-care will benefit Audientes, selling a product that could improve both workplace wellness as well as mental wellness.

### A growing affluent middle-class

The size of the global middle class was forecasted to amount to approximately 4 billion by the end of 2021 and is forecasted to reach approximately 5.3 billion by 2030.<sup>25</sup> By comparison, the size of the global middle class in 2007 was

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<sup>21</sup> [Citi Group: Chance of global recession nearly 50 percent, Bloomberg.](#)

<sup>22</sup> [World Report on Hearing \(who.int\)](#)

<sup>23</sup> *Ibid.*

<sup>24</sup> [GWI-WE-Monitor-2021\\_final-digital.pdf \(globalwellnessinstitute.org\)](#)

<sup>25</sup> [Developments and Forecasts of Growing Consumerism | Knowledge for policy \(europa.eu\)](#)

approximately 1.8 billion.<sup>26</sup> If the number of people in middle-income countries who can afford Ven increases, it would, according to the Boards assessment, be very beneficial to Audientes. Approximately 88 percent of the additional middle-class population up until 2030 will be Asians.<sup>27</sup>

In addition to what is described above, Audientes estimates that there are no significant known trends in terms of production, sales, inventory, costs, and selling prices from 30 September 2022 until the date of this Prospectus.

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<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

# Working capital statement

According to the Board's assessment, the existing working capital is not sufficient to conduct the current operations for the next twelve months from the date of this prospectus. The operating loss amounts to approximately DKK 20 million and given current growth plans, the need for working capital is expected to arise in August 2023.

In order to provide the Company with working capital and to finance the growth plans, Audientes is now carrying out a pre-emptive rights Issue, which in the event of a fully subscribed initial issue can provide Audientes with a maximum of approximately DKK 14 million before deduction of transaction related costs. Audientes has received pre-subscription- and guarantee commitments corresponding to approximately 45 percent (approximately DKK 6.3 million) of the initial issue volume. These commitments have not been secured via a pre-transaction, bank guarantee or the like. The transaction related costs for the initial issue are expected to amount to approximately DKK 2 million. Additionally, Audientes will strengthen its balance sheet and hence use any issue proceeds surpassing DKK 10 million to repay interest claims at first hand and secondly outstanding debt.

In addition to the initial issue, warrants of series TO 1 will be issued and the exercise period is between 27 March - 13 April 2023. In the event that all warrants are exercised, Audientes will receive a maximum of additional approximately DKK 10.3 million before deduction of transaction related costs. The transaction related costs regarding the warrants are estimated to amount, in the event that all warrants are exercised, to approximately DKK 1 million. Any funds not used for repayment of any remaining interest or loan will be used to finance Audientes operations. It is the Board's assessment that the net proceeds from the total Offer - after amortization of loans and interest - are sufficient to conduct current operations at the desired rate during at least the next twelve-month period.

In the event that one or more pre-subscribers would not fulfil their obligations and/or if the Rights Issue is not subscribed to the extent that the Company's working capital requirements for the coming twelve-month period are met, the Board intends to examine alternative financing options, such as additional capital raising or financing together with one or more partners, or alternatively conduct the business at a lower rate than expected, until additional capital can be raised. The Company will then primarily focus on the activities that are deemed to be most essential for the Company's development.



# Risk factors

*A number of risk factors can have a negative impact on Audientes' operations. There are risks pertaining to Audientes, and risks that have no specific connection with Audientes, but that impact the industry and market in which the Company operates. The risks that, according to the Company's assessment, are specific and material to Audientes and the Company's securities are described below. It is of great importance to consider the material risks associated with the future development of the Company and its shares. For natural reasons, it is not possible to assess all risk factors without a combined evaluation of other information in the Prospectus, along with a general assessment. The risk factors include an assessment of the probability of the occurrence of the risk and the extent of its negative impact on the Company listed as high, moderate, or low. The most material risks, as assessed by Audientes, take into account the negative impact on the Company and the probability of their occurrence, are set out first.*

## Risks related to the Company's operations

### COVID-19

COVID-19 has not had a negative impact on Audientes ability to enter into distribution agreements in India. However, as Audientes expands to other countries in North and South America and Asia, there is a risk of restrictions e.g., in travel and business activities due to COVID-19. There is a risk that this may have a delaying effect on such activities, as well as the development of new sales partnerships and product sales. Being engaged in the mass production of Ven, and the marketing and sales of high technology products, Audientes has been affected by the COVID-19 pandemic primarily in delays caused by lockdowns affecting its manufacturing partner (OSM Global) and its sub-supplier network. There is a risk that future COVID-19 lockdowns in for example China, where the OSM production site is located, could have a considerable impact on the further ability to maintain production as demand potentially increases. There is a risk that different companies in Audientes supply chain of e.g., mechanical, electrical, and electronic components may be subject to government or company mandated lockdowns in shorter or longer periods. Delays in production could have an impact on Audientes' short-term ability to generate timely revenues from sales, with serious consequences for the Company's ability to grow. It is the Company's assessment that the probability of the risk occurring is high. If the risk should materialise, Audientes considers the potential negative impact to be high.

### Market acceptance & revenues

Sales of Audientes' hearing aid, Ven, commenced in March 2022. There is a risk of demand for Ven not being sufficiently high in the market to sustain the planned scale of company operations. The level of market acceptance and sales of Ven depends on several factors, including product characteristics, competing products, distribution channels, availability, price, compensation, and sales and marketing efforts. Innovative products of the kind that Audientes sells are not usually distributed in large batches by distributors until the market and customers has become acquainted with the product's properties. Achieving the desired market acceptance and revenues, may take longer than the Company expects and a lack of it may have a negative impact on the Company's operations, financial position, and earnings. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

### Supply chain

Mass production of Ven has been ramped up and sales are expected to increase throughout 2022. The product will be subject to ongoing design and development improvements, subject to Audientes' own plans, as well as feedback from customers. There is a risk of delays in the supply of well-functioning parts to manufacture Ven, which could have a serious impact on Audientes ability to generate timely cash flow from sales of its hearing aids. There is a risk that delays in the supply chain, for example with regards to components crucial for manufacturing Ven, could lead to delays in Audientes' sales execution. Failure to generate cash from sales will have serious consequences for the Company, including its ability to grow the business further and continue operating. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.



## Business cycles and economic trends

Due to rising inflation, the Federal Reserve System (FED) has announced several interest rates hikes in 2022. There are also indications that the world is heading for a global recession.<sup>28</sup> Audientes is a growth company whose business relies on the purchasing power of potential consumers in India. It is extremely difficult to outline how inflation and a possible global recession could affect the purchasing power of Indian consumers. But there is a risk that Indian consumers, due to a worsening world economic situation, will decide to consume less and not buy Audientes' product. There is a risk that this might affect the Company's selling and marketing opportunities, resulting in decreased sales volumes and lower revenues. In addition, inflation could create increased prices for components or parts in Audientes products. There is a risk that these rising prices may lead to lower earnings per sold product for Audientes or force the Company to increase the price for Ven - both scenarios entails risks of worsening sales and/or revenues for the Company. As the Company is dependent on external investors in terms of the ability to acquire grants and/or the capability to access capital in order to grow as desired, inflation and/or recession - or other economic trends - may have a negative impact on investor sentiment and limit the Company's access to capital, or only make it accessible on unfavourable terms. There is a risk that Audientes' future revenues will be negatively affected by these factors and that the Company will have to maintain operations at a slower pace to the detriment of financial position and results. It is the Company's assessment that the probability of the risk occurring is high. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

## Regulations

Audientes strategy includes an introduction of a hearing aid product in USA that can be sold in OTC (over the counter) or in other regulated channels. The final rules were communicated in August 2022. Audientes plan to enter the USA OTC market and receive an FDA approval to produce, sell and market a product in 2023. The future regulations could however contain paragraphs Audientes has not foreseen, creating a stricter regulated market than expected. There is a risk this could entail large costs for Audientes if the Company need to alter their product more extensively than anticipated, creating increased costs for research and development in order to develop a product than can be FDA approved. If Audientes fails to obtain the FDA approval, the Company may be adversely affected as the product, in such a case, cannot be launched in USA, resulting in reduced or no revenue. Audientes' sales strategy is tailored in such a way that the Company does not currently need a medical device approval to sell Ven as a hearing aid in India due to the country's regulations. The Indian regulations that govern medical aids may change in the future, which may affect Audientes' opportunities to meet the requirements of Indian authorities. Furthermore, permits and registrations may be withdrawn. Thus, changed rules as well as revoked permits and registrations can also be future risk factors. In summary, government decisions in both USA and India may adversely affect the Company's operations, financial position, and earnings. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

## Product pricing

Ven is offered to the market in India at a maximum recommended retail price of approximately USD 400, which may be regulated somewhat depending on actual sales volume. Initially, the Company has decided to offer Ven in India, which is a middle-income country. Key reasons for this are that the density of hearing clinics and audiologists in India is relatively low, and existing quality hearing aid solutions are very costly for most people with hearing loss. However, there is a risk that the Company misjudges the purchasing power among potential Indian consumers and thus creates incorrect pricing. There is a risk that the Company will have to lower its price to meet possible lower sales volumes to the detriment of revenues and margins. This can have a negative impact on the Company's operations, financial position, and earnings and adversely affect the Company's operations in India. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

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<sup>28</sup> [Citi Group: Chance of global recession nearly 50 percent, Bloomberg.](#)

## Financing

The Company's market launch entails significant costs for the Company and uncertainty about how successful this investment will be. Any delays regarding market breakthroughs - or inability to meet high demand - may mean that cash flow is generated later than planned. The Company may need to raise additional capital in the future depending on how much revenue the Company succeeds in generating in relation to its costs. There is a risk that the Company will not be able to raise additional capital, achieve partnerships or other financing opportunities, or that such financing will not be obtainable on, for existing shareholders, favourable terms. This may mean that the sales investment in India is temporarily stopped or that the Company is forced to conduct operations at a lower rate than desired, which may lead to delayed or no commercialization and no revenue. The scenario may have a negative impact on the Company's operations, financial position, and earnings. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

## Disputes and legal claims

There is a risk that Audientes will be involved in disputes within the framework of its ordinary business activities and may also be subject to claims concerning contractual issues, product liability, and alleged problems or mistakes in deliveries of the Company's products. There is a risk that such disputes and claims will be time-consuming for the Company to deal with, disturbing normal business operations, and eventually result in the incurring of significant costs. For example, disputes may occur regarding the Company's intellectual property. There is a risk that such disputes and claims will be time-consuming for the Company, its management, and employees to deal with, disturbing normal business operations, and eventually result in the incurring of significant costs and/or losses. It is not possible to anticipate in advance the outcome of complex disputes, and there is thus a risk that disputes will have a material adverse impact on the company's business operations, earnings, and financial position. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be high.

## Currency

Audientes' product Ven has been launched in India and the Company is planning to enter other markets, such as USA and new Asian key markets in the coming years. There is a risk that sales revenues will decrease in connection with invoicing and receiving payments in foreign currency. There is a risk that exchange rates will change significantly and that revenues from Audientes' existing - or future - customers will be negatively affected by changes in exchange rates. If, for example, the Danish kroner, which is the Company's accounting currency, increases in value in relation to the Indian rupee, there is a risk that the Company's revenues from existing or future customers will decrease. This in turn entails a risk of a decline in Audientes operating profit. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

## Competitors

Audientes operates in a competitive market characterized by global competition, rapid technological development, and sometimes regulatory requirements. The Company assesses that there is currently no product on the market that corresponds to Ven. On the other hand, there are companies that manufacture and sell products with similar functions and to the same target groups, regardless of the differences between the products, which are competitors of the Company. Competitors can also adapt their technology to resemble Audientes and in the long run develop products that prove to be better than the Company's, which could have a significant negative impact on the Company's operations, financial position, and results. There is a risk that competitors, in the capacity of their size, will develop products equivalent to Audientes, but may compete through - for the Company - unfavourable pricing. The existence of such competitive situations risks limiting the Company's ability to receive revenue, which would have a material adverse effect on the Company's operations, financial position, and results. Increased competition may mean negative sales and earnings effects for the Company in the future. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

### **Intellectual property rights**

There is a risk that future intellectual property rights held by the Company will not constitute adequate commercial protection. If the Company is forced to defend its intellectual property rights against a competitor, this may entail significant costs, which may adversely affect the Company's operations, earnings, and financial position. It cannot be ruled out that new products in the field may affect the business. The uncertainty associated with intellectual property rights means that the outcome of such disputes is difficult to predict. Negative outcomes of disputes can lead to lost protection, a ban on continuing to exercise the current right, or an obligation to pay damages. In addition, the costs of a possible dispute, even in the event of a favourable outcome for the Company, can be significant, which could adversely affect the Company's operations, financial position, and earnings. The above could mean difficulties in generating revenue. Audientes is also to some extent dependent on know-how and company secrets, which are not protected by legislation in the same way as intellectual property rights. The Company uses confidentiality agreements and thereby strives for far-reaching protection for sensitive information. However, it is not possible to fully protect oneself against unauthorized dissemination of information, which entails a risk that competitors will benefit from and be able to benefit from the know-how developed by the Company, which could be to the detriment of the Company. It is the Company's assessment that the probability of the risk occurring is medium. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

### **Increased production costs**

Because of the COVID-19 pandemic and the subsequent pent-up demand for certain materials and components, prices have increased in some of the materials and components the Company uses in production. There is a risk that further increased production cost will be higher than expected, resulting in an increased retail price for the hearing aid. There is a risk that an increase in price could have a negative impact on the market's interest in Ven and, subsequently, company earnings. There is a risk that Audientes fails to transfer all increased costs to retailers in order to maintain a competitive price. There is a risk that this will affect Audientes' margins, which may have a negative effect on the Company's revenues, financial position, and earnings. It is the Company's assessment that the probability of the risk occurring is low. If the risk were to materialise, Audientes considers the potential negative impact to be high.

### **Manufacturer**

Audientes has been working with Swedish owned OSM Global, a provider of Electronic Manufacturing Services, since 2018 on both the development and production of Ven. OSM manufactures in several countries, including China, which is currently the site of production for Ven. The agreement with OSM is based on sub-agreements for each step of product development and production. There is a risk that OSM terminates the current agreement and subsequent sub-agreements, and Audientes cannot define new sub-agreements, including the production agreement. There is then a risk that the Company will have to find another supplier of these services. This may result in 2-3 quarters' delay in production of Ven. This can have a negative impact on the Company's operations, financial position, and earnings and adversely affect the Company's short-term ability to conduct business. It is the Company's assessment that the probability of the risk occurring is low. If the risk were to materialise, Audientes considers the potential negative impact to be high.

### **Key personnel**

Audientes is a small-sized company and is highly dependent on key personnel with great knowledge and experience within the Company's business area. Audientes views all employees as key personnel due to the small size of the Company. Should any key personnel leave the Company, it could have significant negative consequences for the sales of Ven, resulting in a negative outcome regarding Audientes' operations, financial position, and results. There is a risk that the Company will need to recruit new staff to replace key personnel, which can be a costly process both in terms of time and money. There is a risk that Audientes will incur increased expenses in the short term as a result. There is also a risk that the Company will not be able to replace staff. There is a risk that the Company cannot protect itself against unauthorized dissemination of information, which may mean that competitors may benefit from the know-how developed by Audientes. There is a risk that the Company's competitors, by using such dissemination of information, will further develop their products and that the Company will thus have increased competition, which may have a negative impact

on the Company's position in the competitive landscape, with a decrease of earnings as a result. Losses of key personnel, as well as future shortcomings in new recruitment, may have a negative impact on the Company's operations, financial position, and results. It is the Company's assessment that the probability of the risk occurring is low. If the risk were to materialise, Audientes considers the potential negative impact to be high.

### **Political risk**

Initially, Audientes operates in India and will thereafter advance to USA and other Asian key markets apart from India. There is a risk that changes in laws, income taxes, customs duties, exchange rates, and other conditions for foreign companies will adversely affect the Company's business operations. There are armed conflicts, unrest, and international sanctions effective in several markets of interest to Audientes and the Company is because of that affected by political and economic uncertainties in these specific countries. Increased turmoil, for example armed conflicts, in the world may have an adverse effect on Audientes' manufacturing, supply chain, shipping, as well as its sales and the marketing of products in current and future markets. There is a risk that the Company will be adversely affected by possible domestic political decisions, or global events that affect or erode local purchasing power. There is a risk that the above results in negative consequences for the Company's business activities and its earnings. It is the Company's assessment that the probability of the risk occurring is low. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

### **Brief company history**

Audientes was founded in 2014 and has since been developing the software and hardware platform utilised in the Ven product. The Company started selling the product in March 2022. So far, Audientes has not conducted sales in the long-term and has therefore not been able to establish and evaluate customer and supplier relationships. There is a risk associated with the difficulty of evaluating and assessing in advance the probability of creating, for the Company, advantageous relationships of this kind, which may lead to difficulties in establishing long-term customer and supplier relationships in the future. This in turn can lead to delayed or non-commercialization and revenue, which may entail the risk that the Company will be negatively affected as future revenue may not be available in whole or in part. It is the Company's assessment that the probability of the risk occurring is low. If the risk were to materialise, Audientes considers the potential negative impact to be medium.

## **Risks related to the Company's shares and the Rights Issue**

### **Securities may fluctuate in value or liquidity**

As a result of rising interest rates, concerns about a possible recession and general concerns about the war in Ukraine, the stock market climate has deteriorated. In the short term, this has affected growth companies that have experienced sharp price declines. Audientes is a growth company and a lower interest in such companies can affect the liquidity of Audientes share and future share price. For example, the number of Audientes shares traded weekly during the first six months of 2022 declined with approximately 66 percent, compared to the number of shares traded weekly the full year of 2021. Low liquidity can affect the price development of the share and increase price fluctuations when sellers may need to extensively lower the share price in order to attract buyers. During the first six months of 2021, volatility in Audientes share increased by approximately 13 percent compared with the full year 2021. Price fluctuations can occur regardless of Audientes' performance or development. The value of the securities and the liquidity is in addition dependent on Audientes performance and may be negatively affected if Audientes do not reach set objectives. Hence, there is no guarantee regarding the future price development of the Company's securities, and the value of the investment may increase as well as decrease. Since an investment in Audientes' securities may both rise and fall in value, there is a risk that an investor will not regain invested capital. In the event of the risk occurring, there is a risk that the Company's shares cannot be sold for a price acceptable to the holders, or at all, at any time. It is the Company's assessment that the probability of the risk occurring is medium.

### **Unsecured pre-subscription and guarantee commitments**

Several different parties have entered pre-subscription and guarantee commitments whereby they have undertaken to

subscribe for approximately DKK 6.3 million, corresponding to approximately 45 percent of the initial part of the Rights Issue. However, these commitments are not confirmed or secured via prior transactions, bank guarantees or similar. Consequently, there is a risk that one or several of said parties will not fulfil their respective commitments. If the above-mentioned commitments are not met, this could negatively impact Audientes' ability to successfully complete the Rights Issue, which in turn could adversely affect the Company's business activities with negative impacts related to reduced financial resources propel the business activities forward going into the future. It is the Company's assessment that the probability of the risk occurring is medium.

### **The securities are subordinated to most of the Company's liabilities**

Audientes securities represent subordinated debt obligations of the Company. This means that if Audientes is subject to any liquidation or bankruptcy, the shareholders normally receive payment after all other creditors have been paid in full. As the shareholder will only have an unsecured claim against the Company, the shareholders may not recover any or all of their investment. Any potential investor should therefore be aware that an investment in the Company's shares and warrants entails a risk that the investor loses all or part of its investment if the Company becomes liquidated, bankrupt, insolvent, carries out a restructuring, or is wound-up. It is the Company's assessment that the probability of the risk occurring is low.

### **Owners with significant influence**

The Company's largest owners (Jelveh Holding Aps, Stig Due and KJJ Invest Aps) together hold approximately 38 percent of the total share capital and voting rights in the Company as of the date of this prospectus. Jelveh Holding Aps is wholly owned by Audientes CTO, owning approximately 24 percent of votes and capital in Audientes. These shareholders, individually or together, can exercise a significant influence on matters that require approval from the shareholders, including the appointment and dismissal of board members and any proposals for mergers, consolidation, or sale of assets and other corporate transactions. The interests of these shareholders may differ in whole or in part from the interests of other shareholders. If these shareholders were to sell all, or part of, their respective shareholdings in the Company, this could also have a material adverse effect on the price of the Company's shares. It is the Company's assessment that the probability of the risk occurring is low.

# Terms and conditions of the securities

## Issuer

Audientes A/S with corporate registration number (CVR) 36047631 and LEI code 984500F69AMF062DF496.

## Resolutions, authorisations, and approvals

On 18 November 2022, the Board of Directors resolved, pursuant to valid authorisation in the Articles of Association, to decide on issues of share capital in the Company and thereby increase the share capital in one or more issues of new shares and warrants with pre-emptive rights for the Company's existing shareholders by up to an amount of a total of DKK 3,500,000.00 nominal value.

As of the date of this Offer the Company has not adopted any additional authorisations in its Articles of Association.

## Information concerning the shares to be offered

In this prospectus, Audientes offers units, each consisting of two (2) new shares and one (1) warrant of series TO 1 in the Company. The Offer consists of a maximum 18,698,020 new shares of nominally DKK 0.10 each. The Offer consists of maximum 9,349,010 warrants of series TO 1, each granting the right to subscribe for one (1) new share in the Company of nominally DKK 0.10 each. All shares belong to the same share class and carry the same rights. With a subscription of the maximum number of units in the Offer, Audientes share capital will increase from DKK 934,901 to DKK 2,804,703 and the number of shares will increase from 9,349,010 to 28,047,030 and a total of 9,349,010 warrants of series TO 1 will be issued to the investors. With a subscription of the maximum number of units in the Offer, the net issue proceeds to be received by the Company from the initial part of the Rights Issue (after deduction of transaction related costs and amortization of interest and loan) will amount to DKK 10 million. If all the warrants of series TO 1 are exercised, the share capital will increase additionally with DKK 934,901 to DKK 3,739,604 and the net proceeds from the exercise will be DKK 9,283,911 (after deduction of transaction related costs and before any amortization of remaining interest and loan) given full utilization of warrants of series TO 1.

With a subscription of the maximum number of units in the Offer, Audientes share capital will increase with nominally 1,869,802 from nominally DKK 934,901.00 to DKK 2,804,703 and the number of shares will increase with 18,698,020 from 9,349,010 to 28,047,030.

Audientes shares are traded under the International Security Identification Number (ISIN) DK0061406618 on Spotlight under the code/ticker "AUDNTS". The shares have CFI code ESVUFN and FISN code Audientes/-. The warrants of series TO 1 will be traded under the International Security Identification Number (ISIN) DK0061406618 on Spotlight under "AUDNTS TO 1", and the warrants of series TO 1 will have CFI code RWSTCB and FISN code Audientes/Warrant.

The new shares and warrants of series TO 1 will be issued according to the Danish Companies Act (no. 763 of 23/07/2019) and the Company's Articles of Association as at the date of this prospectus. Audientes is, moreover, subject to general Danish legislation, including Regulation (EU) 2017/1129 and the Danish Act on Capital Markets (no. 377 of 02/04-2020). Due to Audientes being listed on Spotlight, Audientes is bound to the obligations set out in the applicable Spotlight Regulation. Such obligations include, but are not limited to, complying with disclosure and information requirements in the Swedish Securities market. Through its listing on Spotlight Stock Market, the Company will also be subject to Swedish self-regulation, which includes application of the Swedish takeover rules and recommendations on directed cash issues, and the Swedish Securities Council may, on request, decide whether a measure by the Company or its shareholders is consistent with such practices and regulations, and the body of the Swedish self-regulating system may issuing rulings, render advice and provide information on good practice in the Swedish stock market.

The shares and warrants are registered with Euronext Securities, Weidekampsgade 14, 2300 København S, Denmark and the share register is kept by Euronext Securities. The shares and warrants are in book-entry form.

The new shares and warrants are issued in Danish kroner (DKK).

### **Rights attached to the new shares**

The new shares will have identical rights as the existing shares. These include voting rights, right to receive dividend, the right to participate in the proceeds in case of a dissolution or liquidation of the Company, and pre-emptive rights in connection with the issue of new warrants, convertible bonds, and shares by cash contribution. The warrants do not give the holder such rights before being exercised and the resulting shares are issued. Further, all shares have equal rights in the event of insolvency, liquidation or winding up. The rights of the shareholders can only be changed in accordance with the procedures specified in the Articles of Association and the Danish Companies Act.

### **Voting rights**

The shares expected to be issued in connection with the Rights Issue are ordinary shares and no shares of the Company carry special rights. At General Meetings, each share has one vote, and each shareholder can vote for their full number of shares without limitation. The right of a shareholder to attend a general meeting and to vote is determined by the shares held by the shareholder at the record date. The record date is one week before the general meeting is held. The warrants do not give any voting rights.

### **Rights to dividend**

The new shares will, when fully paid up and registered with the Danish Business Authority, have the same rights as the existing shares, including with respect to eligibility for any dividends paid to holders of shares. Consequently, the new shares are eligible for dividends as of the date of registration with the Danish Business Authority. The registration is expected to take place on 22 December 2022 and in any event before listing of the new shares.

Any dividends will be paid in DKK to the shareholder's account with Euronext Securities. No restrictions on dividends or special procedures apply to holders of shares who are not residing in Denmark. Dividend withholding tax may be withheld by the Company in accordance with applicable Danish law. The warrants give the holder no right to dividend until the warrant has been exercised into an ordinary share.

Dividends which have not been claimed by shareholders within three (3) years from the time they are payable will in accordance with applicable Danish law be forfeited and will accrue to the Company. Audientes has no dividends policy, and no dividends is planned.

### **Pre-emptive subscription rights**

Under Danish law, the shareholders generally have pre-emptive subscription rights if the general meeting of the Company resolves to increase the share capital by cash payment. However, the pre-emptive subscription rights of the shareholders may be derogated from by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price.

### **Liquidation rights**

In case of the dissolution or winding-up of the Company, the shares will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors.

### **Redemption and conversion provisions**

According to the Articles of Association of the Company, no shareholder is obliged to have its shares redeemed in whole or in part. In addition, no shares carry any redemption or conversion rights or any other special rights.

### **Squeeze-out**

Under the Danish Companies Act, a shareholder who directly or indirectly holds more than 90 percent of the share capital in a company has the right to redeem the remaining shares from other shareholders in Audientes. In a corresponding manner, a shareholder whose shares can be redeemed is entitled to such redemption by the majority shareholder holding

more than 90 percent of the share capital in a company. No public takeover bids have been made by any third party in respect of the Company's existing shares during the past or the current financial years.

The new shares and warrants that are issued in the Rights Issue are not subject to an offer that is made as a result of a bid obligation, redemption, or resolution obligation.

### **Takeover rules**

The Swedish Corporate Governance Board has issued the "takeover rules" for certain trading platforms, which are essentially equivalent to the rules that apply to companies for which shares are admitted to trading on a regulated market. The takeover rules will be applied to public takeover offers for companies in which shares are traded on Spotlight. This means that, in their entirety, the rules will apply not only in cases in which the shares are traded exclusively on Spotlight, but also in cases in which the shares are traded on both Spotlight and in a foreign marketplace.

It follows from point II.21 (defensive measures) and section III (bid obligation) in the takeover rules issued by The Swedish Corporate Governance Board that these takeover rules are not applicable to Audientes, as they only apply to target companies that are Swedish limited liability companies.

Danish takeover rules only applies to companies on a regulated market and are therefore not applicable to Audientes.

### **The shares' transferability**

As at the date of this prospectus, there are no restrictions in the transferability of the shares or warrants.

### **Legal conditions**

The shares are issued according to the Danish Companies Act (no. 1958 of 11/10/2021) and the Company's Articles of Association as at the date of this Prospectus. Audientes is, moreover, subject to general Danish legislation, including Regulation (EU) 2017/1129 and the Danish Act on Capital Markets (no. 2014 of 01/11- 2021). Due to its listing on Spotlight, Audientes is however bound to the obligations set out in the applicable Spotlight Stock Market regulations. Companies admitted to trade on Spotlight are subject to the European Parliament and the Council Regulation (EU) No 596/2014 on Market Abuse Regulation (MAR) which contains regulation on information obligations and a prohibition on market abuse. Such obligations include, but are not limited to, complying with disclosure and information requirements in the Swedish Securities market. Through its listing on Spotlight, the Company will also be subject to Swedish self-regulation, which implies takeover rules and recommendations on directed cash issues, while the Swedish Securities Council may, on request, decide whether a measure by the Company or its shareholders is consistent with which if the body of the Swedish self-regulating system issuing rulings, advice and inform good practice in the Swedish stock market.

### **Applicable legislation**

The shares are emitted under The Danish Companies Act (Selskabsloven) and are regulated by Danish law. The Company is however governed by Swedish law in relevant aspects directly related to Spotlight Stock Market's listing agreement.

### **Tax considerations**

An investment in the Rights Issue may result in tax consequences for the investor. Audientes is a Danish registered company that has unlimited tax liability in Denmark. The Company's new shares and warrants will be traded on Spotlight, a multilateral trading facility (MTF), and the shares and warrants in Audientes are therefore covered by the Swedish tax rules for listed shares. The tax legislation in the investor's home country and Sweden may have an effect on any income received from the Rights Issue described in this prospectus. Taxation of any dividend, as well as capital gains tax and rules regarding capital losses on sale of securities depends on the individual investors' specific situation. Shareholders may need to consult their own accountant or tax adviser for a closer assessment of tax consequences, including applicability and effect of foreign tax rules and tax treaties when being a shareholder in Audientes.



# Terms and conditions of the Offering

## Offering and proceeds

The Offering comprises of up to 9,349,010 New Units. Upon full subscription of the Offering, the gross proceeds will be DKK 14,023,515.00 and the new proceeds (gross proceeds less the Company's estimated costs related to the Offering, and after amortization of interest and loan) are expected to amount to a total of DKK 10 million, assuming all New Units are subscribed for.

## Subscription ratio, Subscription Price and allocation of Pre-emptive Rights including action required to apply for the Offering, etc.

The Offering consists of a rights issue of units in Denmark. The Company is offering 9,349,010 New Units with a nominal value of DKK 0.20 at the Subscription Price 1.50 and with Pre-emptive Rights for the Existing Shareholders. Each unit comprises of two (2) New Shares and one (1) Warrant of series TO 1. A total of 9,349,010 units will be issued, hence 18,698,020 New Shares will be issued, and 9,349,010 Warrants will be issued if the unit rights issue is fully subscribed. Each holder of Existing Shares registered with Euronext Securities on 28 November 2022 at 5:59 p.m. CET as a shareholder in the Company will be allocated one (1) Pre-emptive Right for each Existing Share. For one (1) Pre-emptive Right, the holder is entitled to subscribe for one (1) New Unit of a nominal value of DKK 0.20 at a Subscription Price of DKK 1.50 per New Unit. The Rights Trading Period commences on 1 December 2022 at 9:00 a.m. CET and closes on 13 December 2022 at 5:00 p.m. CET. The Subscription Period for New Units commences 1 December 2022 at 9:00 a.m. CET and closes on 15 December 2022 at 5:00 p.m. CET. Any Pre-emptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Units, such subscription cannot be withdrawn or modified by the holder.

The Pre-emptive Rights have been approved for trading and official listing on Spotlight Stock Market Denmark to the effect that they can be traded on Spotlight during the Rights Trading Period in the temporary ISIN code DK0061928157. The Pre-emptive Rights, the temporary Units and the New Units, following automatic conversion from temporary units, will be delivered in book-entry form through allocation to accounts with Euronext Securities.

Completion of the Offering and registration of the New Units with the Danish Business Authority is expected to take place on 22 December 2022. The Company's register of shareholders is kept by Euronext Securities.

Existing Shares traded from 25 November 2022 at 9:00 a.m. CET will be traded without Pre-emptive Rights, provided that the Existing Shares are traded with customary two-day settlement.

The temporary Units have been approved for trading and official listing on Spotlight Stock Market Denmark to the effect that they can be traded on Spotlight Stock Market during the Period 1 December 2022 to 29 December 2022. The temporary Units will be issued under the temporary ISIN code DK0061927936. Registration of the New Units with the Danish Business Authority will take place following completion of the Offering, expected to take place on 22 December 2022.

As soon as possible after registration of the New Units, the temporary ISIN code of the temporary Units, DK0061927936, will be merged with the ISIN code of the Existing Shares DK0061406618, and the temporary Units will automatically be converted into New Shares and Warrants, expected to take place on 2 January 2023.

## Payments and delivery of the Pre-emptive Rights

Upon exercise of the Pre-emptive Rights, the holder must pay an amount equal to the Subscription Price multiplied by the number of New Units subscribed for. Payment for the New Units shall be made in DKK and shall be made upon subscription against registration of the New Units in the transferee's account with Euronext Securities not later than 15 December 2022 at 5:00 p.m. Holders of Pre-emptive Rights shall adhere to the account agreement with their own Danish

custodian institution or other financial intermediary, through which they hold Existing Shares. Financial intermediaries through which a holder holds Pre-emptive Rights may require payment on an earlier date.

### **Warrants of series TO 1**

The exercise price shall amount to seventy (70) percent of the average volume-weighted price for the share according to Spotlight Stock Market's official price statistics during the period of 10 trading days ending two (2) banking days before the exercise period begins. The Company will publish the exercise price the day before the first day of the exercise period. The exercise price must be rounded to the nearest whole Danish øre. The exercise price may not exceed DKK 1.10 per share. The subscription price shall not be less than the share's quota value (DKK 0.10).

### **Subscription Period**

The Subscription Period of the New Units will commence on 1 December 2022 at 9:00 a.m. CET and will close on 15 December 2022 at 5:00 p.m. CET.

### **Reduction of subscription**

Reduction of subscription is not applicable in connection with the Offering. The subscription is binding.

### **Minimum and maximum subscription amounts**

In connection with the Offering, the minimum number of New Units that a holder of Pre-emptive Rights may subscribe for will be one (1) New Unit, requiring the exercise of one (1) Pre-emptive Right and the payment of the Subscription Price. The number of New Units that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of New Units that may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

### **Subscription for Remaining Units**

The general public and existing shareholders can subscribe for any Remaining Units. Existing shareholders have preferential rights to subscribe for Remaining Units. The general public will not subscribe for Remaining Units by exercising unexercised Pre-emptive Rights (which will have lapsed). Such Remaining Units will be subscribed for at the Subscription Price. Subscription shall be made on a subscription form, which is available on the Company's website ([www.audientes.com](http://www.audientes.com)) and Sedermera's website ([www.sedermera.se](http://www.sedermera.se)). The subscription shall be filled out and submitted to the account holders own bank according to their respective instructions.

In case of oversubscription of Remaining Units in connection with the Offering, such Remaining Units will be allocated according to apportionment keys determined by the Board of Directors.

If the subscriptions for Remaining Units do not exceed the number of Remaining Units, the Company will issue the number of Remaining Units subscribed for.

### **Payments and delivery for Remaining Units**

Upon subscription of the Remaining Units, the holder must pay an amount equal to the Subscription Price multiplied by the number of New Units allocated. Payment for Remaining Units will be made via a delivery versus payment transfer through the subscribers own bank and will be withdrawn from the account by the subscribers own account holding bank or broker.

### **Announcements of the results of the Offering**

The results of the Offering will be communicated in a company announcement expected to be published through Spotlight Stock Market no later than three trading days after the expiry of the Subscription Period and therefore expected to be announced on 20 December 2022.

## **Withdrawal or suspension of the Offering**

The Offering may be withdrawn by the Company subject to certain conditions before registration of the capital increase relating to the New Units with the Danish Business Authority. If the Offering is withdrawn, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Units will be refunded (less any transaction costs) to the last registered owner of the temporary Units as at the date of such withdrawal. All Pre-emptive Rights will lapse, and no New Units will be issued. Trades of Pre-emptive Rights executed during the Rights Trading Period will, however, not be affected. Consequently, investors who have acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs. Trades in Existing Shares and temporary Units will also not be affected if the Offering does not complete, and Shareholders and investors that have acquired temporary Units will receive a refund of the subscription amount for the New Units (less any transaction costs). As a result, Shareholders and investors that have acquired temporary Units will incur a loss corresponding to the difference between the purchase price of the temporary Units and the Subscription Price paid for the New Units and any transaction costs.

The Company is entitled to withdraw the Offer (a) if the Company decides not to pursue with the Offering, (b) the Admission is withdrawn by Spotlight Stock Market, (c) the registration of the New Shares is refused by the Danish Business Authority.

The Company is not liable for any losses that investors may suffer as a result of withdrawal of the Offering including but not limited to, any transaction costs or lost interest. A withdrawal of the Offering will be announced as a company announcement through a press release.

The Company is not authorized to close the Offer on an earlier date than the last subscription date.

## **Procedure for the exercise of and trading in Pre-emptive Rights**

The Pre-emptive Rights have been approved for trading and official listing on Spotlight under the ISIN code DK0061928157 and will be traded in the ISIN code under the symbol "AUDNTS TR". Holders of Pre-emptive Rights wishing to subscribe for New Units must do so through their own custodian institution, in accordance with the rules of such institution. The deadline for notification of exercise depends on the holder's agreement with, and the rules and procedures of, the relevant custodian institution or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, the exercise may not be revoked or modified. During the Rights Trading Period, holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for New Units may sell their Pre-emptive Rights on Spotlight Stock Market and a purchaser may use the acquired Pre-emptive Rights to subscribe for New Units. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly. Any holders of Pre-emptive Rights that exercise any of their Pre-emptive Rights shall be deemed to have represented that they have complied with all applicable laws. Custodian banks exercising Pre-emptive Rights on behalf of beneficial holders shall be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus.

Upon exercise of Pre-emptive Rights and payment of the Subscription Price, the temporary Units will be delivered through Euronext Securities by being recorded on subscribers for New Units accounts with Euronext Securities. The temporary Units will be issued under a temporary ISIN code DK0061927936. The temporary Units will be admitted to trading and official listing on Spotlight Stock Market. The temporary Units are registered in Euronext Securities for the subscription of the New Units. Upon expiry of the Subscription Period, any Pre-emptive Rights not exercised will lapse without value, and the holders of lapsed Pre-emptive Rights will not be entitled to any compensation.

## **Jurisdictions in which the Offering will be announced and restrictions applicable to the Offering**

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

## Withdrawal of applications of subscription

Instructions to exercise Pre-emptive Rights or subscriptions of Remaining Units related to the New Units are irrevocable.

## Plan of distribution and allotment and process for notifying applicants

There is no pre-allotment of New Units. The New Units may be subscribed for by the Existing Shareholders of the Company according to the Pre-emptive Rights allocated. New Units which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period will be allocated to subscriptions made by the general public. The subscribers will be notified the number of New Units allotted, by their own bank.

## Subscription Price and amount of any expenses and taxes charged

The New Shares are offered at the Subscription Price of DKK 1.50 per New Unit (excluding fees, if any, from the investor's own custodian bank or brokers). The amount of any expenses and taxes the investor can be charged shall be governed by and constructed in accordance with applicable law of Denmark, including any double taxation agreements.

## Completion of the Offering

The Offering will only be completed if and when the New Units subscribed for are issued by the Company upon registration with the Danish Business Authority, which is expected to take place no later than on 22 December 2022. A company announcement concerning the results of the Offering is expected to be disclosed no later than on 20 December 2022.

## Dilution

As at the Prospectus Date, the Company's registered share capital had a nominal value of DKK 934,901.00 divided into 9,349,010 Existing Shares with a nominal value of DKK 0.10. All Existing Shares are issued and fully paid up, and each Existing Share represents 1 vote. Upon issue of the New Units, the percentage of ownership of the Existing Shareholders may be reduced. If the Existing Shareholders refrain from exercising Pre-emptive Rights allocated to them in connection with the Offering, each Existing Shareholder's ownership will be diluted by approximately 67 percent. If the Existing Shareholders elect to partly exercise the Pre-emptive Rights allocated to them, the rate of dilution will be between 0 to 67 percent depending on the exercise. If the Existing Shareholders exercise their Pre-emptive Rights in full, they will not be diluted.

## Pre-Subscription commitments

The Company has, the 18 November 2022, received legally binding written subscription commitments from the Company's CEO, other existing shareholders, and investors. The subscription commitments amount to approximately DKK 1.1 million, which corresponds to approximately 7,9 percent of the initial part of the Rights Issue. Payment in accordance with the subscription commitments has been provided from the parties in form of a bridge loan which will hence be set off against units in the Rights Issue. The bridge loan carries two percent interest per started calendar month (non-compounding), the interest is also planned be set off against units in the Rights Issue.

All investors who have entered into subscription commitments in the initial part of the Rights Issue are guaranteed full allotment in accordance with their respective commitments. Pre-subscription commitments have not been secured through advance transaction, bank guarantee or similar. The pre-subscription commitments are not associated with any compensation. Subscription in accordance with the pre-subscription commitments are made to the same terms as in the Rights Issue. The full list of subscribers and their subscription amounts are set out in the table following this section. Any investors, who have committed themselves to subscribe for more than five (5) percent of the initial part of the Rights Issue, will also appear in the table following this section.

Pre-subscriber	Pre-subscription commitment (DKK)	Pre-subscription commitment (%)
Chinatsu Seki	252 525,00	1,80

Atsushi Koga	202 020,00	1,44
Shinsuke Nishigori	201 105,00	1,43
Hiroshi Maeda	101 010,00	0,72
Steen Thygesen	99 999,00	0,71
Nick Roche	99 999,00	0,71
Lisbeth Sandfeld	99 999,00	0,71
Peter Bøbel	49 999,50	0,36
<b>Total</b>	<b>1 106 656,50</b>	<b>7,89</b>

Approximately 54,8 percent of the initial part of the Rights Issue is not covered by pre-subscription commitments or guarantee commitments.

### Guarantee commitments

On 18 November 2022, the Company received legally binding written guarantee commitments from its lenders and external professional investors, for a total of approximately DKK 5.2 million, which corresponds to approximately 37.3 percent of the initial part of the Rights Issue.

Out of the total guarantee commitments, approximately DKK 3.5 million (approximately 25 percent of the initial issue amount) are so called "top down" guarantee commitments which will be added to any final subscription level of the Rights Issue up to maximum 100 percent of the initial issue amount. Any allocation of units in the Rights Issue according to the "top down" guarantee commitments will be set off against outstanding loans and interest claims. The "top down" guarantee commitments carry an underwriter's fee of 15 percent of the guaranteed amount which will be set off against additional units to the same terms as in the Rights Issue.

In addition, Audientes has secured approximately DKK 1.7 million (approximately 12.3 percent of the initial issue amount) in so called "bottom up" guarantee commitments up to a subscription level of approximately 20.2 percent in the Rights Issue. The "bottom up" guarantee commitments carry an underwriter's fee of 12 percent of guaranteed amount to be paid in cash. Subscription in accordance with the guarantee commitments are made to the same terms as in the Rights Issue.

Guarantee commitments have not been secured through advance transaction, bank guarantee or similar.

Approximately 54,8 percent of the initial part of the Rights Issue is not covered by pre-subscription commitments or guarantee commitments.

Guarantor	Org. no.	Address*	Guarantee commitment (DKK)	Guarantee commitment (%)
Selandia Alpha Invest A/S	42178152	c/o Republikken, Vesterbrogade 26, 1620 Copenhagen, Denmark	1 749 999,00	12,48
Gerhard Dal			874 999,50	6,24
Renewable Ventures Nordic AB	556769-3063	Humlegårdsgatan 4, 114 46 Stockholm, Sweden	874 999,50	6,24
Nils Berg			399 999,00	2,85
Villand Capital ApS	39076624	Kronprinsessegade 46E, 1306 Copenhagen, Denmark	289 999,50	2,07
Genova Nordic SME Fund	SV 536	Quad Central, Q3 Level 9 Triq L-Esportaturi, Zone 1 Business District, Birkirkara, Malta	249 999,00	1,78
Jimmie Landerman			249 999,00	1,78
Mattias Svensson			199 999,50	1,43
Kent Eklund			138 000,00	0,98
Martin Johem			99 999,00	0,71
David Lavröd			99 999,00	0,71

<b>Total</b>			<b>5 227 992,00</b>	<b>37,28</b>

\* Unless otherwise stated, guarantors can be reached at the Company's address, Teknikerbyen 5, 2830 Virum, Denmark.

### **Other commitments connected to the Rights Issue**

Audientes largest shareholder, Jelveh Holding Aps (holding approximately 24 percent of the capital), has agreed not sell any subscription rights and to make these subscription rights available for the company, free of charge, to place in accordance with entered subscription commitments and other potential interest from professional investors in connection with the Rights Issue.

### **Financial advisor, issuing and settlement agent**

Sedermora acts as financial advisor in connection with the rights issue and Danske Bank A/S is the Company's issuing agent and settlement agent.

# Board of Directors and executive management

## Board of Directors

Pursuant to clause 7.1 of Audientes' Articles of Association, the Board of Directors shall consist of at least three (3) and no more than seven (7) members elected by the general meeting. At the date of this Prospectus, the Board of Directors consists of four (4) members elected by the Annual General Meeting held on 21 April 2022 for the period until the end of the next Annual General Meeting. All members of the Board of Directors may be contacted at the Company's address, Teknikerbyen 5, 2830 Virum, Denmark.

The table below contains information about the Board of Directors, their year of birth, each member's position, the year they were elected as board members for the first time, and whether they are considered to be independent in relation to the Company and its executive management, and major shareholders. The table is followed by individual information regarding each board member.

Name	Year of birth	Position	Member of the Board since	Independent in relation to:	
				The Company and its executive management	Major shareholders
Povl-André Bendz	1962	Chairman	2020	Yes	Yes
Gitte Jürgens	1968	Member	2020	Yes	Yes
Peter Røpke	1966	Member	2021	Yes	Yes
Frank Vium	1969	Member	2022	Yes	Yes

## Information on the members of the Board of Directors



### Povl-André Bendz, born 1962

*Chairman of the Board since 2020*

**Education:** M.Sc in Business Economics and Auditing from Copenhagen Business School (CBS), Denmark.

**About:** Povl-André Bendz has a long commercial and financial management experience within life science companies and has founded several companies. He holds several board positions, including as chairman of 2cureX AB since 2017, which is admitted to trading on Nasdaq First North Growth Market Sweden. Through board and director positions in a number of companies, including Upfront Chromatography A/S,

DELTA and IctalCare A/S, Povl-André Bendz has built up a solid knowledge of a broad spectrum of industries and sectors with a main emphasis on life science.

**Other ongoing assignments:** Povl-André Bendz is chairman of the board of 2cureX AB, 2cureX A/S, IMATRA Holding S.A. and member of the board of Seahouse Capital ApS and Thornæs Destilleri ApS. He is CEO of Seahouse Capital ApS, managing director of Agilco ApS, Bizziac ApS, Bizziac Accounting ApS and Holdinselskabet af 1. oktober 2018 ApS. In addition, Povl-André Bendz is the full responsible participant in Tyr & Co.

**Shareholding in the Company:** Povl-André Bendz owns 26,012 shares and 70,000 warrants in Audientes privately.



### Gitte Jürgens, born 1968

*Board member since 2020*

**Education:** Market economist and completed a board education, CBS Executive, in 2019.

**About:** Gitte Jürgens holds more than 20 years of leadership experience within life sciences industries where she has worked with strategic and commercial business development. Gitte has been the CEO of UV Clinical and has also held positions that

include CFO, COO and supply chain manager at pharmaceutical companies Meda and Mylan. In these roles, she has participated in several international M&A transactions.

**Other ongoing assignments:** Board member at Danish Shareholder Association and Danish Business Angels (DanBAN).

**Shareholding in the Company:** Gitte Jürgens owns 2,777 shares and 35,000 warrants in Audientes privately.



**Peter Røpke, born 1966**

*Board member since 2021*

**Education:** M.Sc. in Electrical, Electronics and Communications Engineering from Danish Technical University, Denmark.

**About:** Peter Røpke is currently President and CEO of RTX A/S, a Nasdaq Main Market mid-cap company listed on Nasdaq Nordic that designs and develops wireless communication products across a wide range of applications. Peter Røpke holds extensive experience 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.

**Other ongoing assignments:** CEO of RTX A/S and a member of the Board of Directors at DEIF A/S.

**Shareholding in the Company:** Peter Røpke owns no shares and 35,000 warrants in Audientes privately.



**Frank Vium, born 1969**

*Board member since 2022*

**Education:** Bachelor in Business Administration and Diploma in Financial and Management Accounting from Copenhagen Business School.

**About:** Frank Vium is a commercial executive with 25 years' experience in driving growth and transformation in technology-led companies. Frank Vium has held international leadership positions in Business Development, Product Management, Sales- and Customer Success, and has led large teams across Europe, China, US, and the Nordics. He has a strong global market understanding from working across Europe and the US and with emerging markets.

**Other ongoing assignments:** Chairman of the Board at AddPro AB (Sweden) and a member of the Steering Committee Danoffice IT ApS (Denmark). Frank is also the Chairman of the Board of Directors of MediaGeneration A/S, a small company associated with his family. In the private sphere, he is Chairman of the Board of Espergærde Badelaug (association) and member of the Board of Espergærde Havn (Self-governing Institution).

**Shareholding in the Company:** Frank Vium owns no shares and 35,000 warrants in Audientes.



## Executive management

All persons in executive management positions in Audientes may be contacted at the Company's address, Teknikerbyen 5, 2830 Virum, Denmark. The table below contains information about the executive management of Audientes as registered at Erhvervsstyrelsen, their year of birth, current position, and the year the person became a member of the executive management. The table is followed by individual information regarding each person.

Name	Year of birth	Position	Member of the executive management since
Steen Thygesen	1964	Chief Executive Officer, CEO	2017
Hossein Jelveh	1961	Chief Technical Officer & Founder	2014

### Information on the executive management



#### Steen Thygesen, born 1964

*Chief Executive Officer (CEO)*

**Education:** MBA from London Business School, UK and a B.Sc. in Electrical Engineering from Copenhagen University College, Denmark.

**About:** Steen Thygesen has held executive positions within strategy, sales, and management in technology companies such as Star, Nokia Denmark A/S, Microsoft, Symbian PLC, Psion Software PLC and TDC (TEMANET, a Telecom Denmark & Maersk Data joint venture). In addition, Steen Thygesen was CEO of the commercial foundation Specialisterne Foundation, which is the owner of the socio-economic company, Specialisterne ApS, where he was responsible for establishment and

scaling operations in 15 countries. Steen Thygesen has been associated with Strand Consult as an industry expert since 2009 and is currently CEO of EOLAS ApS, a family-owned company in which he has a 20 percent ownership interest. There is limited activity in EOLAS ApS and Steen Thygesen works predominantly for Audientes. Until 2018, Steen Thygesen was a member of the Company's Board of Directors.

**Shareholding in the Company:** Steen Thygesen owns 112,790 shares and 920,000 warrants privately in Audientes.



#### Hossein Jelveh, born 1961

*Chief Technical Officer (CTO) & Founder*

**Education:** B.Sc. in Electrical Engineering from the Technical University of Denmark.

**About:** Hossein Jelveh 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 small mobile/medical device domain, as well as 20+ years of SW development experience. Hossein Jelveh started his career at Nokia in 1997 as a software engineer and later Test Manager. In 2012, he founded the company Jelveh Medical Device, developing hearing aids and established Audientes in 2014.

**Shareholding in the Company:** Hossein Jelveh owns 2,255,010 shares in the Company through fully controlled holding company Jelveh Holding ApS. Privately, he owns 270,000 warrants in the Company.

## Additional information about the board of directors and the executive management

All members of the Board of Directors are elected until the following Annual General Meeting. Members of the Board of Directors may resign from their position at any time. The division of responsibilities between the CEO and the Board of Directors is defined in the Board of Directors' rules of procedure as well as the CEO instructions and delegation of authority established by the Board of Directors. Both the rules of procedure as well as the CEO instructions are determined annually by the Company's Board of Directors. Issues related to audit and compensation matters are decided directly by the Board of Directors.

No member of the Board of Directors or the executive management has, during the past five years, been convicted in any fraud-related case, nor been subject to any prohibition of engaging in commercial activities. There exist no sanctions or allegations from the competent authorities (including approved professional bodies) against these persons and no member of the Board of Directors or the executive management has, in the past five years, been disqualified by a court from holding a position on an administrative, management or supervisory body or from holding an executive or senior position at a company.

Povl-André Bendz held the position as an owner at TalXperten ApS, which underwent self-filed bankruptcy proceedings with a bankruptcy decree made in May 2020. Apart from that, no member of the Board of Directors or the executive management has, during the past five years, been declared bankrupt or in liquidation, nor been involved in any bankruptcy or mandatory liquidation proceedings in relation to companies they have represented in the past five years.

There are no family ties between any of the members of the Board of Directors or executive management. Audientes chairman of the Board, Povl-André Bendz, holds a CEO and board position in Seahouse Capital ApS, which is owned by Spotlight Group AB (70 percent) and Povl-André Bendz (30 percent). Sedermera is a wholly owned subsidiary of Spotlight Group AB and an independent sister company to Seahouse Capital ApS. Apart from that, no member of the Board of Directors or executive management has any private interests which might conflict with the Company's interests. Further, no member of the Board of Directors or the executive management has entered into any agreement with the Company that would entitle to post-employment benefits, other than what is set forth in this Prospectus. However, certain members of the Board of Directors and the executive management have financial interests in the Company as a consequence of their holdings of shares.

## Remuneration to the Board of Directors and executive management

Members of the Board of Directors receive DKK 50,000 annually and the chairman of the Board of Directors receive DKK 100,000 annually. For remuneration to the executive management (excluding salaries) and Board of Directors, please see the chart below.

(DKK)	Board fee	Other benefits	Pension costs	Total
<i>Board of Directors</i>				
Povl-André Bendz	100,000	0	0	100,000
Gitte Jürgens	50,000	0	0	50,000
Frank Vium	50,000	0	0	50,000
Peter Røpke	50,000	0	0	50,000
<i>Executive management</i>				
Steen Thygesen		0	81,744	81,744
Hossein Jelveh		0	66,660	66,660
<b>Total</b>	<b>250,000</b>	<b>0</b>	<b>148,404</b>	<b>398,404</b>

# Financial information and key figures

## Introduction

Audientes India Pvt. Ltd, founded in June 2021, forms an Indian subsidiary of Audientes. The financial overview in this prospectus applies to Audientes A/S as a group and is prepared on a consolidated basis. The financial information incorporated in this prospectus by reference includes the annual reports for the financial years 2021 and 2020, which have been presented in accordance with the provisions of the Danish Financial Statements Act governing enterprises reporting class B enterprises with addition on a few provisions for reporting Class C, and the half year report for the period 1 January 2022 to 30 September 2022, incl. comparative figures for the previous year. The annual reports have been audited by the Company's independent auditor as set forth in their audit report included therewith. The interim report has not been reviewed or audited.

The annual reports for the financial years 2021 and 2020 have been audited by Deloitte Statsautoriseret Revisionspartnerselskab with corporate registration number 33963556 and visiting address Weidekampsgade 6, 2300 København S, without negative observations or comments. Deloitte took over as the Company's auditor on 3 June 2020, and the Company is represented by state-authorized public accountant Henrik Wolff Mikkelsen. Notes to the financial statements can be found in the audited financial statements for 2021 and 2020, which have been incorporated into the prospectus by reference. Unless otherwise stated, no other information in the prospectus has been audited or reviewed by the Company's auditor.

## Key figures

The prospectus contains certain key figures that have not been defined in accordance with Audientes' applied accounting rules for financial reporting. This key financial data has not been audited or reviewed by the Company's auditor. Audientes believes that these key figures are deemed to be useful supplementary measures of earnings performance and financial position. The key figures, as defined by the Company, are not necessarily comparable with similar measures presented by other companies and have certain limitations as tools for analysis. Accordingly, they should not be considered separately from, or a replacement for, the Company's financial information as prepared in accordance with IFRS.

TDKK	2022.01.01- 2022.09.30	2021.01.01- 2021.09.30	2021.01.01- 2021.12.31	2020.01.01- 2020.12.31
Revenue	3,232	0	0	0
Other income	642	0	214	0
EBITDA	-8,490	-8,828	-12,893	-5,548
Profit/loss for the period	-12,343	-8,441	-12,901	-5,138
Equity	13,141	29,931	25,483	38,372
Cash and cash equivalents	114	17,219	10,554	30,364
Equity ratio (%)	46.6	85.4	81.3	90.9
Earnings per share	-1.32	-0.90	-1.38	-0.79
No. of shares beginning of the period	9,349,010	9,349,010	9,349,010	3,687,300
No. of shares end of the period	9,349,010	9,349,010	9,349,010	9,349,010

## Definitions

**Equity ratio (%):** Equity divided by total assets.

**Earnings per share (in DKK):** Profit/loss for the period divided by the average number of shares outstanding at the end of the period.

**EBITDA:** Earnings before interest, tax, depreciation, and amortization.

### **Significant changes in financial position**

Audientes announced that the Company secured a loan of DKK 7.5 million on 20 April 2022. The loan enabled Audientes to finance manufacturing, marketing, and sales of its hearing aid, Ven, to build business momentum prior to present capitalization. The lenders and Audientes have mutually agreed to extend the loan until the latest 30 June 2023. The extended loan carries the same essential terms as before, i.e., an interest rate of two percent per started calendar month and a non-interest-bearing commitment fee of 5 percent.

The same lenders have entered into so called "top down" guarantee commitments in the Rights Issue amounting to approximately DKK 3.5 million, and any allocation of units in the Rights Issue, as well as any issue proceeds surpassing DKK 10 million, will be set off against their interest claims and outstanding loans. Any funds from the Initial part of the Rights Issue not used for repayment of any remaining interest or loan, will be repaid in the following exercise of warrants of series TO 1.

CEO, existing shareholders, and investors has entered into subscription commitments amounting to approximately DKK 1.1 million (approximately 8 percent of the Issue amount). Payment in accordance with the subscription commitments has been provided from the parties in form of a bridge loan which will be set off against units in the Rights Issue. The bridge loan carries two percent interest per started calendar month (non-compounding), the interest will also be set off against units in the Rights Issue.

Apart from that, no significant changes with respect to the Company's financial position has occurred since 30 September 2022.

### **Dividend policy**

Audientes does not have a dividend policy and no dividend is planned. Until the Company is generating a cash flow that covers the Company's financing needs for continued growth, the future financing of operations and growth is through new share issues, loans, income from agreements, or other. Consequently, Audientes does not expect to declare dividends for the financial year 2022. Any future dividends, and the amount of such, are dependent on, among other things, the Company's future earnings, financial condition, working capital requirements and liquidity. Dividends are decided by the Annual General Meeting based on a proposal from the Board of Directors.

# Legal issues, ownership structure and additional information

## Share information

As at the date of this Prospectus, the Company's registered share capital amounts to DKK 934,901.00 divided among 9,349,010 shares, each with a nominal value of approximately DKK 0.10. According to Audientes' Articles of Association, adopted by the Extra General Meeting on 11 October 2022, that the Board of Directors during the period and until 7 October 2027, is authorised to decide on issues of share capital in the Company and thereby increase the share capital in one or more issues of new shares with pre-emptive rights for the Company's existing shareholders by up to an amount of a total of DKK 3,500,000.00 nominal value. As of 30 June 2022, the Company's registered share capital amounted to DKK 934,901.00 divided among 9,349,010 shares. The number of outstanding shares at the beginning of the most recent financial year, 1 January 2021, was 9,349,010 and amounted to 9,349,010 shares at the end of the same financial year. There is only one class of shares, and the nominal value of each share is DKK 0.10. Audientes' shares have been issued pursuant to Danish law and are denominated in DKK. The shares have been fully paid and are freely transferrable.

## Ownership structure

The table below sets forth information about the major shareholders of Audientes as at the date of this Prospectus. There is only one class of shares, and each share carries one (1) vote at general meetings. As at the date of this Prospectus, the Board of Directors is not aware of any directly or indirectly controlling parties or of any such agreements that can change the control of the Company. There are, to the Board of Directors knowledge, no shareholder agreements, or other agreements between the Company's shareholders, which seek to have joint influence over the Company.

Except for what is presented in the table below, according to the Company's knowledge, there are no natural or legal persons owning more than five percent of the votes and capital.

Shareholder	Number of shares	Percentage of votes and capital (%)
Jelveh Holding ApS*	2,255,010	24.12
Stig Due	81,701	8.74
<i>Others (approx. 2,749 shareholders)</i>	<i>7,012,299</i>	<i>67.14</i>
<b>Total</b>	<b>9,349,010</b>	<b>100.0</b>

\* Wholly owned by Hossein Jelveh, CTO in Audientes and the Company's founder.

## Material contracts

Audientes has not entered into any agreements that are outside the Company's ordinary operations and which are of material importance to Audientes, or which contain rights or obligations that are of material importance to the Company for a period of twelve months prior to this prospectus.

## Conflicts of interests

Audientes chairman of the Board, Povl-André Bendz, holds a CEO and board position in Seahouse Capital ApS, which is owned by Spotlight Group AB (70 percent) and Povl-André Bendz (30 percent). Sedermera is a wholly owned subsidiary of Spotlight Group AB and an independent sister company to Seahouse Capital ApS. Apart from that, no member of the Board of Directors or executive management has any private interests which might conflict with the Company's interests. However, members of the Board of Directors and executive management have financial interests in Audientes as a consequence of their direct or indirect shareholdings in the Company, see section "Board of Directors and executive management" in this prospectus. No member of the Board of Directors or executive management has been elected as a result of agreements or arrangements with shareholders, customers suppliers or other parties.

Except for what is stated above, there are no conflicts of interest or family ties within administrative, management and supervisory bodies, nor with other individuals in senior positions in the Company. In addition, there are no other natural persons or legal entities involved in the Rights Issue that have financial or other relevant interests in Audientes.

## **Warrant programs**

Below, the various warrant programs in Audientes are presented. At the date of this prospectus, in addition to what is stated below, there are no outstanding warrants, convertibles or share-related incentive programs in the Company.

### **Authorisation to issue warrants (warrant pool)**

On an annual general meeting held on 5 August 2020, it was resolved to authorise Audientes' Board of Directors - in one or more issuances - to issue warrants with a right for the warrant holders to subscribe for up to nominal DKK 229.720 shares in Audientes (the "Authorisation"). Warrants to subscribe for nominal DKK 79,178.80 shares have been issued by use of the Authorisation and the Authorisation is valid until 31 July 2025. Audientes' existing shareholders have no pre-emptive rights in relation to such issuances of warrants. The Board of Directors determines the exercise price and other terms of the warrants, however the exercise price shall at minimum be equal to the average market price (calculated after the VWAP method) 10 trading days prior to the issuance of the warrants unless they are issued to employees of the Company or its subsidiaries. The Board of Directors is also authorised to complete the related capital increase by one or more increases without pre-emptive rights for the existing shareholders of the Company and against payment in cash when the warrants are exercised or at such an amount that follows any adjustment in the number of warrants as a consequence of amendments in Audientes' capital structure. The new shares shall have same rights as Audientes' existing shares. The Board of Directors can re-use or re-issue warrants that have lapsed or have not been exercised. By re-use is understood that the Board of Directors can let a third party enter into an existing agreement on warrants. By re-issuance is understood that the Board of Directors can re-issue new warrants if warrants already issued have lapsed.

### **Warrant program 1 (aimed at Steen Thygesen)**

On 23 August 2018, the general meeting resolved to issue warrant that entitles Steen Thygesen to subscribe for nominal DKK 48,000 shares in Audientes (this is not part of the Authorisation). As of 29 July 2020, the warrant was partially exercised and remaining is a warrant to subscribe for nominal DKK 40,000 shares in Audientes at an exercise price of DKK 3.90 per share of nominal DKK 0.10 (equal to a company law subscription price of 3,900) without pre-emptive rights for the existing shareholders of Audientes ("Warrant program 1", consisting of 400,000 remaining warrants). If the warrant is exercised in full, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 40,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 4.10 percent of the shares and votes. The warrants are deemed vested as of the date when the warrants have been granted. The warrant is eligible for exercise no later than by 31 December 2023.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 400,000 warrants of Warrant program 1, the dilution will be approximately 1.1 percent. The warrants are subject to adjustments and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants, see the section "Board of Directors and Executive Management".

### **Warrant program 2 (aimed at Hossein Jelveh and Steen Thygesen)**

On 28 August 2020, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 540,000 warrants to Hossein Jelveh and Steen Thygesen ("Warrant program 2"). Each warrant confers a right for the warrant holder to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 0.10 per share (equal to a company law subscription price of 100). If all 540,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 54,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 5.46 percent of the shares and votes. The warrants were vested as of the date of the grant. The warrants are eligible for exercise in exercise windows defined as the four-week period after the Audientes' annual general meeting, however not earlier than to the annual general meeting held in 2022 and no later than by 31 December 2025.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 540,000 warrants of Warrant program 2, the dilution will be approximately 1.4 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants, see the section "Board of Directors and Executive Management".

#### **Warrant program 3 (aimed at one business partner)**

On 28 August 2020, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 80,000 warrants to a business partner ("Warrant program 3"). Each warrant confers a right for the warrant holder to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 3.90 per share (equal to a company law subscription price of 3,900) without pre-emptive rights for the existing shareholders of Audientes ("Warrant program 3"). If all 80,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 8,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 0.85 percent of the shares and votes. The warrants are deemed vested as of the date when the warrants have been granted. The warrants are eligible for exercise in exercise windows defined as the four-week period after Audientes' annual general meeting, however not earlier than to the annual general meeting held in 2022 and no later than by 31 December 2023.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 80,000 warrants of Warrant program 3, the dilution will be approximately 0.2 percent.

#### **Warrant program 4 (aimed at Povl-André Bendz, Gitte Jürgens and Elsebeth Finnick)**

On 28 August 2020, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 140,000 warrants to members of the Board of Directors ("Warrant program 4"). However, 14,588 warrants have lapsed due to the resignation of board member Elsebeth Finnick in April 2022 so currently 125,412 warrants are outstanding under this issue. Each warrant confers a right for the warrant holder to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 3.90 per share (equal to a company law subscription price of 3,900). If all 125,412 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 12,541.20, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 1.32 percent of the shares and votes. The warrants are deemed vested as of the date when the warrants have been granted. The warrants vest over a three-year period starting from 1 July 2020. During the remaining vesting period, approx. 2,916 warrants vest as per the last day of each calendar month until and including 30 June 2023. As of the date of this prospectus, a total of 102,060 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period after the Company's annual general meeting, however not earlier than to the annual general meeting held in 2022 and no later than by 31 December 2025.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 140,000 warrants of Warrant program 4, the dilution will be approximately 0.4 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants, see the section "Board of Directors and Executive Management".

#### **Warrant program 5 (aimed at CMO Catherine Conlon)**

On 28 August 2020, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 120,000 warrants to Chief Marketing Officer Catherine Conlon ("Warrant program 5"). Each warrant confers a right for Catherine Conlon to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 3.90 per share (equal to a company law subscription price of 3,900). If all 120,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 12,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 1.27 percent of the shares and votes. The warrants

vest over a four-year period starting from 1 September 2020 and going forward, 1/48 of the warrants vest as per the last day of each calendar month until and including 31 August 2024. As of the date of this prospectus, a total of 95,000 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period after Audientes' annual general meeting, however not earlier than to the annual general meeting held in 2022 and no later than by 31 December 2023.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 120,000 warrants of Warrant program 5, the dilution will be approximately 0.3 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company.

#### **Warrant program 6 (aimed at parts of the Executive Management and senior full-time employees)**

On 23 December 2020, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 490,000 warrants to key employees ("Warrant program 6") Henrik Christiansen, Kenneth Boye, Jesper Betzer, Vytis Barasnauskas, Christian Kraft and Steen Thygesen. Each warrant confers a right for the warrant holder to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 6.164 per share (equal to a company law subscription price of 6,164). If all 490,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 49,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 4.98 percent of the shares and votes. The warrants vest over a four-year period starting from 1 January 2021 and going forward, 1/48 of the warrants vest as per the last day of each calendar month until and including 31 December 2024. As of the date of this prospectus, a total of 224,510 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period after Audientes' annual general meeting, however not earlier than to the annual general meeting held in 2023 and no later than by 31 December 2026.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 490,000 warrants of Warrant program 6, the dilution will be approximately 1.3 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants in Executive Management, see the section "Board of Directors and Executive Management".

#### **Warrant program 7 (aimed at Raman Rao)**

On 18 October 2021, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 40,000 warrants Country Head in India, Raman Rao ("Warrant program 7"). Each warrant confers a right for Raman Rao to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 17.00 per share (equal to a company law subscription price of 17,000). If all 40,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 4,000, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 0.43 percent of the shares and votes. The warrants vest over a four-year period starting from 1 May 2021 and going forward, 1/48 of the warrants vest as per the last day of each calendar month until and including 30 April 2025. As of the date of this prospectus, a total of 14,994 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period after Audientes' annual general meeting, however not earlier than to the annual general meeting held in 2023 and last time in 2026.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 40,000 warrants of Warrant program 7, the dilution will be approximately 0.1 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company.

#### **Warrant program 8 (aimed at Peter Røpke)**

On 18 October 2021, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 35,000 warrants to board member Peter Røpke ("Warrant program 8"). Each warrant confers a right for Peter Røpke



to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 17.00 per share (equal to a company law subscription price of 17,000). If all 35,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 3,500, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 0.37 percent of the shares and votes. The warrants vest over a three-year period starting from 1 May 2021. During the remaining vesting period, approx. 1/36 of the warrants vest as per the last day of each calendar month until and including 30 April 2024. As of the date of this prospectus, a total of 17,496 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period after the Company's annual general meeting, however not earlier than to the annual general meeting held in 2023 and last time in 2026.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 35,000 warrants of Warrant program 8, the dilution will be approximately 0.1 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants, see the section "Board of Directors and Executive Management".

#### **Warrant program 9 (aimed at Frank Vium and Peter Bøbel)**

On 30 June 2022, the Board of Directors resolved to make partial use of the Authorisation for issuing warrants by issuing 75,000 warrants to Board Member Frank Vium and Head of Program Management, Peter Bøbel ("Warrant program 9"). Each warrant confers a right for Frank Vium and Peter Bøbel to subscribe for one (1) new share in Audientes of nominal DKK 0.10 at an exercise price of DKK 7.01 per share (equal to a company law subscription price of 7.010). If all 75,000 warrants are exercised, the maximum capital increase which can be subscribed for in Audientes is nominal DKK 7,500, which corresponds to a dilution based on the number of shares in the Company per the date of the prospectus of 0.80 percent of the shares and votes. The warrants vest in a period ending on 30 April 2025 for Frank Vium and 30 November 2025 for Peter Bøbel. No warrants vest for Peter Bøbel until 30 November 2022 where 12/48 of the warrants vest, and subsequently approx. 1/48 of the warrants vest as per the last day of each calendar month in the period from 1 December 2022 and ending 30 November 2025. As of the date of this prospectus, a total of 5,832 warrants have vested. The warrants are eligible for exercise in exercise windows defined as the four-week period starting the day after the Company's annual report have been made publicly available, the first time in 2024 and the last time in 2027.

In the event that the forthcoming initial issue in the Offer is fully subscribed and in the event of full exercise of warrants of series TO 1 and in the event of full exercise of the 75,000 warrants of Warrant program 9, the dilution will be approximately 0.2 percent. The warrants are subject to adjustments, accelerated vesting and/or accelerated exercise in the event of certain changes in the capital structure of the Company. For more information about holders of warrants, see the section "Board of Directors and Executive Management".

#### **Related-party transactions**

Since 31 December 2021, Audientes has not been a party to any related-party transactions, which individually or together are material to the Company. For information on remuneration to the members of the Board of Directors and executive management, see section "Remuneration to the Board of Directors and executive management".

#### **Authority proceedings, legal proceedings, and arbitration**

Audientes has not been a party to any legal, arbitration or governmental proceedings (including pending cases or such that the Company is aware may arise), during a period covering at least the previous 12 months, that have had or could have significant effects on the Company's financial position or profitability. Nor has the Company been informed of claims that could lead to Audientes becoming a party to such a process or arbitration. There are no arrangements, known to the issuer, which may at a subsequent date result in or prevent a change in control of the issuer.

**Miscellaneous**

There exists no provision of Audientes articles of association, statutes, charter, or bylaws that would have an effect of delaying, deferring, or preventing a change in control of the issuer.

## Documents available

The below document are available in electronic form on the Company's website: [www.audientes.com](http://www.audientes.com).

- Articles of Association (Corporate Bylaws)
- Memorandum of Incorporation (Stiftelsesdokument)