



audientes

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

**UPDATED Q4
FINANCIAL REPORT**

October 1 - December 31, 2022

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October 1 – December 31, 2022

An updated version of the Q4 Financial Report 2022 for Audientes A/S has been prepared due to a commercial decision to take back products not paid for from distributors, hearing clinics etc. in 2023, however recognized as sales during 2022.

In order to support the committed sales to the new exclusive distributor in India Earkart within the next 12-15 months, the Management has decided to take back all products from such customers which have not been paid for. The reversal of product sales equals a provision in sales of DKK 3.0 million. The recognized and reported sale of products in 2022 of DKK 3.1 million will hereby be lowered to DKK 0.1 million.

Consequently the "Cost of goods sold" in 2022 has been reduced by DKK 1.3 million corresponding an impact of net negative DKK 1.7 million.

In the previous version of the Q4 2022 Financial Report, a provision for bad debt and uncertainty of DKK 1.6 million was already expensed, however included in "Cost of goods sold and other external costs". This provision is hereby reversed and replaced with the reduction in "Revenue" of DKK 3.0 million and reduction in "Cost of goods sold and other external costs" of DKK 1,3 million or net DKK 1.7 million.

The negative impact on the EBITDA and Loss for the year from the new provision net is negative by net DKK 0.1 million due to currency adjustments. Profit/loss for Q4 2022 and the full year 2022 is now DKK -12.0 million and DKK -24.4 million respectively. Earnings per share for Q4 2022 is changed from DKK -0.62 to DKK -0.63 and for the year 2022 from DKK -1.27 to DKK -1.28

Taking back products not been paid for has increased the "Inventories" end of 2022 with DKK 1.2 million and consequently lowered the "Trade receivables" with DKK 1.2 million. Equity of DKK 13.1 million end of 2022 is unchanged.

In the Q4 2022 Financial Report, only the figures in "Financial highlights", "Income statements", "Balance sheet assets", "Balance sheet equity and liabilities", "Statement of changes in equity end 2022", "Cash flow statement" and "Notes" have been updated for Q4 2022 and Year 2022 meaning that some comments etc. to the figures might be outdated.

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Audientes in brief

Audientes A/S is a Danish hearing health company specializing in smart, self-fitting and affordable hearing aids. Audientes' unique hearing aid solution, Ven™ by Audientes, is available for purchase in the Indian market, online and in retail, and will be introduced to the US over-the-counter market and other markets in the coming years. Companion by Audientes is an advanced hearable consumer electronics product that is commercially available in Europe and later in 2023 in USA, Japan and other markets.

Audientes' mission is to develop hearing aids and hearables for hearing improvement or enhancement for everyone who needs them globally. Audientes is listed on [Spotlight Stock Market Denmark \(AUDNTS\)](#) and headquartered in Copenhagen, Denmark with a subsidiary in Hyderabad, India.

For additional information please refer to the company's website, www.audientes.com.



Highlights Q4 2022

Contrary to the earlier quarters in 2022, the company did not continue a quarter-on-quarter increase in sales re-venue but achieved in Q4 a sparse result in sales revenue of DKK 0.1 million. This was reflective of a challenging channel environment in India, a required software platform upgrade and slower payment patterns.

A key driver for the missing sales in Q4 is that the majority of potential Ven customers in India have more profound hearing loss than originally expected, affecting sell-through to end-users of Ven and the ramp up of collaborations with several new channel partners, which were therefore postponed to 2023. In Q4, the company took action to develop a software platform upgrade (v2.0), providing a substantial sound experience improvement and increased gain to support up to profound hearing loss. The company is introducing this to the market in Q1 2023 and expects this to improve the sales growth in the future.

Audientes completed in Q4 its new 'advanced hearable' product, Companion by Audientes, which entered retail in Sweden and Denmark as part of its initial European roll-out. Companion and the Audientes App have been enhanced with six different languages incl. German, Spanish and Japanese supporting the roll-out into many more markets.

A fully subscribed Rights Issue was executed in December, securing DKK 14 million (8 million in net proceeds) in new funding. The associated upcoming TO1 warrant exercise round from March 27th to April 13th may potentially yield up to DKK 10 million. However, due to the current financial climate and a lower than originally expected current share price level, the gross proceeds from the warrants exercise must be expected to be significantly lower than originally expected. The company has implemented a range of cost savings and is continuously adjusting the cost drivers to operate in this environment. Audientes announced recently, that it intends to evaluate different alternatives to bring in the required financing in the short-medium term as well as exploring more longer-term structures, such as partnerships, merger, sale of business or its assets, or a strategic investment.

Steen Thygesen, CEO Audientes A/S, comments:

"In the last quarter of 2022, in addition to developing sales opportunities in India, we undertook several major tasks – a substantial upgrade to the software platform delivering higher amplification in Ven to better address relevant customer segments in India; completion of our new product Companion for introduction in global consumer channels; and a planned DKK 14 million Rights Issue of Units. While we ultimately succeeded delivering on all three, the expected Q4 2022 sales revenue did not materialize in any substantial manner. We implemented therefore a further range of cost-savings in Q4 and are continuing our effort on the future capitalization of the company to support our current business plans, complemented by our intent to explore other forms of strategic investment, merger and acquisition of our business or assets."

Q4 2022 and Full Year 2022 reporting financial highlights (updated)

Financial highlights

TDKK	Q4 2022	Q4 2021	Year 2022	Year 2021
Revenue	-3,153	-	79	-
Other operating income	214	214	856	214
EBITDA	-5,536	-4,389	-14,026	-13,217
Profit/loss for the period	-12,019	-4,460	-24,362	-12,901
Cash and cash equivalents	6,948	10,554	6,948	10,554
Equity	13,049	25,484	13,049	25,484
Equity ratio (%)	49.1%	81.0%	49.1%	81.0%
Earnings per share (DKK)	-0.63	-0.48	-1.28	-1.38
No. of shares beginning of the period	9,349,010	9,349,010	9,349,010	9,349,010
No. of shares end of period	28,747,024	9,349,010	28,747,024	9,349,010
Average number of shares	19,048,017	9,349,010	19,048,017	9,349,010

Disclaimer

Forward-looking statements, especially such relating to future sales and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Audientes' control, may cause the actual development of the company to differ materially from the expectations contained in this financial report.



Highlights Q4 2022

- In 2022 revenue amounts to DKK 3.1 million where DKK 0.1 million relates to Q4 2022.
- EBITDA amounts in Q4 2022 to DKK (5.4) million and in 2022 to DKK (13.9) million including a provision of DKK 1.6 million for bad debt and uncertainty around trade receivables in India.
- Development costs from before 2019 have been fully amortized in Q4 2022 as considered outdated and replaced with new software etc. with a negative impact on EBIT of DKK 4.8 million.
- Further cost savings initiatives have been executed in end of 2022 with a yearly impact of approximately DKK 3.6 million, however with impact on EBITDA and cash flow during 2023.
- An upgrade to the Ven platform to increase fitting range and amplification and to improve sound and noise cancellation has been initiated in Q4 2022 with expected availability for Ven and Companion products in products in late Q1.
- New channels developed in India including pharmacies and NGOs, where Ven is available in India and Nepal.
- The new product Companion has in February 2023 been introduced in Northern Europe.
- A fully subscribed Rights Issue of Units was carried out in December 2022, yielding gross proceeds of DKK 14 million. After a partial repayment of existing bridge loans and the associated cost of the transaction, approximately DKK 8 million was yielded to the company.
- By the end of 2022, cash and cash equivalents amounted to DKK 6.9 million.
- The company intends to evaluate different alternatives to bring in the required financing in the short-medium term as well as exploring longer-term structures such as partnerships, merger, sale of business or its assets, or a strategic investment.
- The current Board of Directors will resign at the Extraordinary General Meeting on March 8, 2023, and major shareholders Hossein Jelveh and Steen Thygesen have - besides themselves - suggested Hiroshi Maeda and Jesper Rohde Andersen as new board members.

Outlook for 2023

Due to the uncertainty around the size of funding in the short-term as well as in the medium term, the company has decided at the moment not to announce any guidance for the outlook for 2023.

Letter from the CEO

In Q4, 2022, our sales revenue was DKK 0.1 million – a sparse result that was reflective of a challenging channel environment, a required software platform upgrade and slower payment patterns. We focused the quarter on addressing these obstacles with a robust platform upgrade and new channel development. We also completed our new product, Companion by Audientes, and executed on our Rights Issue, securing DKK 14 million in funding, however with net proceeds only at DKK 8 million and lower than hoped for to strictly follow the strategic plans and guidelines. We have implemented further cost savings and are focused on the roll-out of the new platform upgrade and expanding our markets to Europe with Companion.

A tough quarter

For the first nine months in 2022, we reported sales revenue of DKK 3.2 million and a negative EBITDA of DKK -8.5 million. While we sold a good number of products into our channels in Q2 and Q3, we were, unfortunately, not in a position to sufficiently ramp up the business in Q4 with additional sales due to factors outlined below. In Q4, our sales revenue was DKK 0.1 million. However, due to catch-up on eliminations of internal sales from previous quarters, the revenue in Q4 is reported to DKK -0.1 million.

In Q4, we did however succeed in developing new channels, for e.g., pharmacies, opticians, and NGO partnerships, which we will continue to build on in 2023. We also focused on completing our new product, Companion, to be introduced later in consumer electronics channels in Europe, USA, Japan and beyond.

Finally, we worked on the next round of growth financing and executed on the Rights Issue, successfully securing DKK 14 million in new funding for the company at the end of December of which DKK 8 million was yielded to the company.

Insightful lessons from the Indian market

A key lesson from the Indian market, and an underlying driver for the missing sales in Q4, is that the bulk of potential Ven customers have more profound hearing loss than originally expected, needing higher gain than Ven has been able to provide in its initial version.

Therefore, a new software platform upgrade (v2.0) was developed in Q4 to be introduced to the Indian market in Q1 2023, providing a substantial sound experience improvement and increased gain to support up-to-profound hearing loss, thus benefitting existing and new customers, and improving the product/market fit of Ven.

We invested time in developing several large prospective clients for 2023 and beyond, who await products based on the upcoming v2.0 platform release, and therefore did not materialize in Q4.

The slow sell-through of Ven from the clinics to the end-users in India has resulted in a much slower payment pattern from clinics than expected. The feedback from both end-users and clinics is that the v2.0 software updated Ven will initiate a much higher sell-through to end-users, which will trigger the clinics' payment of debt to Audientes.



Steen Thygesen - CEO, Audientes A/S

We believe that the introduction of the Ven v2.0 lifecycle upgrade in March 2023 will amend payments from Indian customers driven by increases in sales to the end-users.

However, to address the uncertainty and risk for bad debt, a provision of DKK 1.6 million has been expensed in Q4 2022. This provision has impacted the EBITDA, which here after is realized at DKK -13.9 million in 2022 compared to the latest guidance of an EBITDA of DKK (10)-(12) million.

Considerable cost savings, and reluctance in cost spending in general, have been executed in the second half of 2022 to align the costs to the level of sales activities. At the end of 2022, several cost savings initiatives were executed with an yearly impact of approximately DKK 3.6 million. However, the cost reduction impact will first take place during 2023 due to periods of notices etc.

Furthermore, in the case that funding from the upcoming warrants exercise round in March/April 2023 etc. should not be sufficient to execute on current business plans, a cost saving program with a yearly impact of approximately DKK 3.7 million has been prepared in order to lower cash burn.

Companion available in Europe

The commercial availability of Companion was moved to Q1 2023 due to the ongoing work on the v2.0 platform for Ven, which also underpins Companion. We introduced Companion in Northern Europe in February 2023 and will soon introduce the new enhanced v2.0 software platform power upgrade in Ven for the Indian, Nepalese, and other markets, resulting in several substantial sound experience improvements and increased gain to support up to profound hearing loss.

At the same time, the Audientes App has been enhanced with six different languages incl. German, Spanish and Japanese, supported by in-device voice prompts in Companion and Ven. We are now ready to enter many more markets.

In early 2023, we commenced expansion into Europe with product availability now in Denmark and Sweden. Companion will gradually become available across the EU via online and retail sales in 2023, as distribution and retail agreements are made. Audientes is also working on introducing Companion in USA and Japan, among other countries, and aims to introduce medical grade hearing aid products in these markets (incl. the EU) in the coming years.

The new v2.0 release will power Ven and Companion devices in the coming years. Consequently, and considering our revised outlook for the year, we are in 2022 amortizing a larger than normal part of the activated product development costs from the prior years to 2019, namely DKK 4.8 million, related to the software platform elements that no longer will serve a purpose in the future products.

Pursuing a platform for growth

Q4 2022 was, not unlike the entire year, a very tough and uncertain period for the world - and also for Audientes. We are now at a sharp inflection point on our journey. We have digested key learnings from our market in India and used them to make substantial advancements in our software platform.

Despite this difficult environment and the challenges of the past couple of quarters, we remain focused on our vision of a world where everyone with hearing loss has easy access to an affordable, quality solution and believe we have made solid advancements towards this goal.

Securing further growth capital

Securing further growth capital to cover the needed investments in market development activities, new product development and medical device approvals etc. remains a key priority for Audientes to fully deliver on our vision. We are an asset-light company and remain open to partnering with a range of players in the industry. Audientes has recently announced that it intends to evaluate different alternatives to bring in the required financing in the short-medium term as well as exploring more longer-term structures such as partnerships, merger, sale of business or its assets, or a strategic investment.

The upcoming TO1 warrant exercise round from March 27th to April 13th is also expected to support the pursuit of our strategic objectives and may potentially yield up to DKK 10 million in maximum gross proceeds; however, due to the current financial climate and Audientes current share price level, the gross proceeds due from the warrants exercise is expected to be significantly lower. We are adjusting the business and its cost drivers to operate in this environment, including the program for cost reductions mentioned on page 5.

Disruption is needed in the traditional hearing aid industry, and Audientes has shown with its hearing devices that it is possible to produce high-quality products that are affordable to everyone. We are looking forward to continuing to help the approximately 500 million people who currently have untreated disabling hearing impairment, and we are proud that we have the potential to make a significant social impact for countless people across the world.

I thank our shareholders for your continued support and trust in Audientes.

Steen Thygesen, CEO, Audientes A/S

Financial performance in Q4

Revenue

In Q4 2022, a revenue of net TDKK 121 was realized, however compensated by TDKK -239 related to adjusted elimination of Group internal sales from previous quarters in 2022. The adjustment has no impact on EBITDA.

The slow sales in Q4 of the Ven product in India is a result of the fact that the product does not fully meet the end-users need for support for up to profound hearing loss. The updated Ven product is expected in market in Q1 2023.

For the year 2022, revenue amounts to TDKK 3,114 compared to TDKK 0 in 2021.

The realized revenue is lower than the latest announced outlook for revenue in 2022 of DKK 3.5-5.0 million.

The distribution network in India amounts now to more than 500 accessible points of sale, which will become active over time as they are trained and offer the updated Ven product.

Gross profit/loss

Gross profit/loss - which covers revenue and other income less costs of goods sold and external costs - was in Q4 2022 TDKK -3,356 compared to TDKK -2,413 in Q4 2021.

Due to slower sell-through of Ven from Audientes' customers in India - the hearing clinics - to the end-users, the hearing clinics have prolonged their payment pattern to Audientes. Only minor cash collection has been executed in Q4 2022, and therefore a provision for bad debt and uncertainty of TDKK 1,600 has been expensed in Q4, which causes the realized lower Gross profit/loss, compared to Q4 2021, only partly compensated by reduced administration and marketing costs.

Gross profit/loss amounts to TDKK -6,667 in 2022 compared to TDKK -7,357 in 2021.

Operating profit/loss

At the end of Q4 2022, Audientes' staff in Denmark and India comprised 16 FTE's of which 3 employees have been made redundant and are in their notice period, compared to 14 FTE's end of Q4 2021. Additionally, Audientes collaborated with several external consultants and outsourcing vendors.

In Q4 2022, staff costs totaled TDKK 2,732 where of TDKK 699 is capitalized as Development costs up from TDKK 2,400 and TDKK 424 respectively in Q4 2021. In 2022, staff costs and capitalization hereof amounted to TDKK 9,589 and TDKK 2,377 compared to TDKK 7,666 and TDKK 1,806 respectively in the 2021.

EBITDA is in Q4 2022 realized with TDKK -5,389 or TDKK 1,000 lower than in Q4 2021 and TDKK 3,585 lower than realized in Q3 2022.

In 2022 EBITDA amounts to TDKK -13,879 compared to TDKK -13,217 in 2021. The realized EBITDA of DKK (13.9) million is lower than the latest announced outlook of DKK (10)-(12) million, primarily due to the expensed provision for bad debt and uncertainty around the trade receivables in India.

Depreciation and amortization on tangible and intangible assets amount in Q4 2022 to TDKK -6,190 including an impairment on development cost from before 2019, which are outdated and replaced by new software etc. Depreciation and amortization amounted in Q4 2021 to TDKK 968. In 2022 depreciation and amortization amounted to TDKK 9,759 which corresponds an increase of TDKK 8,616 from 2021, where depreciation and amortization were initialized from October 2021.

Operating profit/loss (EBIT) for Q4 2022 amounted to TDKK -11,579 compared to TDKK -5,357 in same quarter last year.

Operating profit/loss (EBIT) amounted to TDKK -23,638 in 2022 compared to TDKK -14,360 in 2021.

Profit/loss

Interest etc. on the short-term loan taken in May 2022 and on the interim bridge loans taken in October/November 2022 drove - together with a declining currency rate for the Indian INR - the increase in Other financial expenses, net from TDKK -158 in Q4 last year to TDKK -1,077 in Q4 this year and from TDKK -473 in 2021 to TDKK -2,633 in 2022.

Due to timing-driven lower R&D activities, the tax income related to expected disbursements under the Danish Tax Prepayment Scheme regarding development costs amounted to TDKK 597 in Q4 2022 corresponding a drop of TDKK 417 from Q4 2021. For 2022 tax is calculated to an income of TDKK 1,851 compared to TDKK 1,882 in 2021.

The loss for Q4 2022 thus amounts to TDKK -11,872 compared to TDKK -4,462 in Q4 2021. For 2022 the loss amounts to TDKK -24,215 compared to TDKK -12,901 in 2021.

Capitalization of development projects

During Q4 2022, Audientes continued - however at a lower level - the development and maintenance of its hearing aid platform consisting of software and hardware technology that together create an innovative hearing aid solution.

In Q4, development activities were focused on completing the Companion product and the v2.0 platform release, updating the Ven product to more gain to support a stronger hearing loss, and other improvements also benefitting the Companion product as well as future products.

Additions to intangible assets thus totaled TDKK 1,206 in Q4 2022, down from TDKK 2,129 in Q4 2021. In 2022 additions amounted to TDKK 5,592 corresponding to a decrease from 2021 of TDKK 480.



Financial performance in Q4

Development costs from before 2019 have been scrapped and replaced by new software platform development etc. causing a disposal of TDKK 6,998 in Q4 2022.

After reduction of TDKK 9,155 in amortization in 2022, including an impairment of the scrapped and replaced development cost of TDKK 4,811, Audientes has in total capitalized TDKK 11,009 in development projects as intangible assets end of 2022 compared to TDKK 14,572 end of 2021.

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

Inventory

During 2022 inventory including electrical components has been built further up to be able to meet the expected demand. Inventory thus totaled TDKK 3,466 up from TDKK 1,366 at end of 2021.

Receivables

At end of 2022, receivables totaled TDKK 3,980 up from TDKK 3,266 end of 2021.

The increase is primarily driven by trade receivables, which at end Q4 2022 totaled TDKK 1,181 up from TDKK 0 end of 2021. The increase is fully related to realization of sales in especially Q3 2022, and to an experienced slower payment pattern among the customers. A provision for bad debt and uncertainty around the sales receivables of TDKK 1,600 have been made in Q4 2022.

Other receivables of TDKK 621 at end of 2022 has dropped from TDKK 1,325 at end 2021 primarily due to receipt of receivable VAT.

The tax receivable amounts to TDKK 1,865 at end of 2022 compared to TDKK 1,843 end of 2021.

Equity

At end of 2022, equity totaled TDKK 13,049 compared to TDKK 25,484 end of 2021.

In December 2022, a capital increase of net TDKK 11,848 including increase of share capital, premium fund and transactions and advisory costs was executed. The reduction in equity is fully related to the loss in 2022 of TDKK -24,215 and currency adjustments of TDKK -68.

The solvency ratio was 49% end of 2022 compared to 81% end of 2021.

Current liabilities other than provisions

At end of 2022, current liabilities other than provisions totaled TDKK 13,487 up from TDKK 5,970 end of 2021.

Current liabilities other than provisions mainly consist of short-term loans, payables such as trade payables, personal income taxes, holiday pay obligation and subsidies from the Danish Market Development Fund not yet recognized as income.

The increase from end 2021 of TDKK 7,517 is primarily driven by the new short-term loan of TDKK 4,847 including accrued interest and to increase in trade payables of TDKK 3,146 related to higher inventories, higher activity in general and to payables related to transaction costs and advisory costs round the capital increase process in December 2022.

Cash flow

At end of 2022, cash and cash equivalents amounted to TDKK 6,948 compared to TDKK 10,554 end of 2021.

In Q4 2022 Audientes generated a cash flow from operations of TDKK -419 compared to TDKK -4,879 in Q4 2021 and in 2022 of TDKK -14,644 compared to TDKK -12,171 in 2021.

Change in working capital net amounts in Q4 2022 to TDKK 2,441 compared to TDKK -819 in the same quarter last year and to TDKK -1,759 in 2022 compared to TDKK 1,023 in 2021. Building up inventories and sales-related increase in trade receivables have a negative impact on working capital in 2022 of TDKK -2,100 and TDKK -2,781 respectively, only partly compensated by increase in trade payables etc. of TDKK 2,633 and by lower other receivables, primarily VAT of net TDKK 489.

Cash flow from investing activities amounts in Q4 2022 to TDKK -1,266 compared to TDKK -1,786 in Q4 2021 and to TDKK -5,680 in 2022 compared to TDKK -7,639 in 2021. The investments primarily relate to development projects.

Free cash flow amounted in Q4 2022 to TDKK -1,685 compared to TDKK -6,665 in Q4 2021 and to TDKK -20,324 in 2022, down from TDKK -19,810 in 2021.

Cash flow from financing activities amounts in Q4 2022 to TDKK 8,519 compared to TDKK 0 in same quarter last year and to TDKK 16,718 in 2022 up from TDKK 0 in 2021 – and relates primarily to funding from the capital increase process in December 2022 and to the bridge loan including accrued interest.

Increase in cash and cash equivalents amounted in Q4 2022 to TDKK 6,834 and in 2022 to TDKK -3,606 compared to TDKK -6,665 and TDKK -19,810 for Q4 2021 and 2021 respectively.

Proposal for disposition of Audientes' results

The Board propose, that no dividend to be paid for the financial year 2022.



Events after the balance sheet date

Securing further growth capital remains a key priority for the company. As part of the Rights Issue of Units funding process executed in December 2022, a process around exercising of warrants is to take place in March/April 2023 enabling funding of maximum DKK 10 million. However, based on Audientes' current share price, a significantly lower funding is foreseen.

Furthermore, Audientes has recently announced that it is in a position, where there will be a significant need for capital going forward to cover the needed investments in market development activities, new product development and medical device approvals etc. Therefore, Audientes intends to evaluate different alternatives to bring in the required financing in the short-medium term as well as exploring more longer-term structures such as partnerships, merger, sale of business or its assets, or a strategic investment.

If the upcoming critical funding round and/or the financing alternatives should not be completed as expected, the present plans for the development of the company will be adjusted accordingly to its financial capabilities.

As part of the announced new strategic direction for the future capitalization of Audientes A/S, the current board members Povl-Andre Bang Bendz, Gitte Jürgens, Frank Vium and Peter Røpke will resign from the Board of Directors at an Extraordinary General Meeting on March 8th, 2023. The two major shareholders, Steen Thygesen and Hossein Jelveh, have proposed the election of Hiroshi Maeda and Jesper Rohde Andersen as new board members of Audientes A/S, who together with Steen Thygesen and Hossein Jelveh shall ensure the needed

international competences to the anticipated business development and capitalization.

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

Going concern

Despite a successful Rights Issue process in December 2022, which yielded DKK 8 million in cash to the company, the need for liquidity is still a challenge in order to develop the company commercially and to execute on the business plans. The funding from the coming warrant exercise round in March/April 2023, can yield a maximum funding of approximately DKK 10 million. However, significantly lower funding is expected, due to the current lower than expected share price, and to the financial climate in general. It is the Management's assessment that the company is going concern, however that uncertainty exists and further funding within the coming 2-4 months than what is probable from the warrant exercise process could be required. The Management is in dialogue with several stakeholders and potential investors etc. in order to secure sufficient funding.

Should the expected funding not be realized successfully, an impact on the reported figures in the Q4 2022 Financial Report may occur.

Audit

The Q4 2022 Financial Report has not been audited. Finalization of the audit of the Annual Report for 2022 may lead to adjustments in the figures reported in the Q4 2022 Financial Report.

Financial calendar

The company prepares and publishes a financial report at the end of each quarter. Upcoming reports are planned to be released as follows:

Date	Event
March 8, 2023	Extraordinary General Meeting
March 23, 2023	2022 Annual report
April 18, 2023	Annual General Meeting 2023
May 16, 2023	Q1 2023 reporting
August 24, 2023	Q2 2023 reporting
November 9, 2023	Q3 2023 reporting

Further information

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Gitte Jürgens, Board member
Peter Røpke, Board member
Frank Vium, Board member

Management

Steen Thygesen, CEO
Hossein Sandfeld Jelveh, CTO
Troels Torp, CFO

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No.: 33 96 35 56

Sign up for our Investor Newsletter at audientes.com/investor-relations



Financial statements (updated)

Income statement (updated)

TDKK	Note	Q4 2022	Q4 2021	Year 2022	Year 2021
Revenue		-3,153	-	79	-
Other operating income		214	214	856	214
Cost of goods sold and other external costs		-564	-2,627	-7,749	-7,571
Gross profit/loss		-3,503	-2,413	-6,814	-7,357
Staff costs	1	-2,033	-1,976	-7,212	-5,860
Depreciation, amortisation and impairment losses		-6,190	-968	-9,759	-1,143
Operating profit/loss		-11,726	-5,357	-23,785	-14,360
Other financial income		187	39	205	50
Other financial expenses		-1,077	-158	-2,633	-473
Profit/loss before tax		-12,616	-5,476	-26,213	-14,783
Tax on profit/loss for the period		597	1,014	1,851	1,882
Loss for the period		-12,019	-4,462	-24,362	-12,901

Balance sheet — assets (updated)

TDKK	Note	31.12.2022	31.12.2021
Development projects in progress		1,184	14,572
Completed development projects		9,825	-
Intangible assets	2	11,009	14,572
Other fixtures and fittings, tools and equipment		1,002	1,545
Equipment		1,002	1,545
Deposits		196	151
Other financial assets		196	151
Non-current assets		12,207	16,268
Inventories		4,647	1,366
Inventories		4,647	1,366
Trade receivables		-	-
Other receivables		621	1,325
Income tax receivable		1,865	1,843
Prepayments		313	98
Receivables		2,799	3,266
Cash		6,948	10,554
Current assets		14,394	15,186
Assets		26,601	31,454

Balance sheet — equity and liabilities (updated)

TDKK	Note	31.12.2022	31.12.2021
Contributed capital		2,875	935
Reserve for development expenditure		7,915	10,264
Retained earnings		2,259	14,285
Equity		13,049	25,484
Warranties		65	-
Provisions		65	-
Bank loans		62	25
Other short term loans		4,847	-
Trade payables		4,752	1,606
Other payables		1,471	1,128
Deferred income		2,355	3,211
Current liabilities other than provisions		13,487	5,970
Liabilities other than provisions		13,487	5,970
Equity and liabilities		26,601	31,454

Statement of changes in equity end 2022 (updated)

TDKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity beginning of year	935	10,264	14,285	25,484
Capital increase in period, net	1,940	-	9,908	11,848
Transfer	-	-2,349	2,349	-
Currency adjustments	-	-	79	79
Loss for the period	-	-	-24,362	-24,362
Equity end of the year	2,875	7,915	2,259	13,049

Cash flow statement (updated)

TDKK	Note	Q4 2022	Q4 2021	Year 2022	Year 2021
Operating profit/loss		-11,726	-5,357	-23,785	-14,360
Amortisation, depreciation and impairment losses		6,190	968	9,759	1,143
Other adjustments for non-liquidity items		126	2	126	-
Working capital changes	3	4,041	-819	-159	1,023
Cash flow from ordinary operating activities		-1,369	-5,206	-14,059	-12,194
Financial income received		187	39	205	50
Financial expenses paid		-1,080	-158	-2,633	-473
Taxes refunded/(paid)		1,843	446	1,843	446
Cash flow from operating activities		-419	-4,879	-14,644	-12,171
Acquisition etc of intangible assets		-1,206	-2,129	-5,592	-6,072
Acquisition etc of property, plant and equipment		-4	-93	-43	-1,481
Investment in affiliated companies		-	436	-	-
Changes in other financial assets		-56	-	-45	-86
Cash flow from investing activities		-1,266	-1,786	-5,680	-7,639
Free cash flow generated from operations and investments		-1,685	-6,665	-20,324	-19,810
Short term loan taken/paid, net		-3,315	-	4,884	-
Capital increase, proceeds		11,865	-	11,865	-
Cash from bridge loan, converted to equity		2,144	-	2,144	-
Transactions costs and advisory costs		-2,175	-	-2,175	-
Cash flow from financing activities		8,519	-	16,718	-
Increase/decrease in cash and cash equivalents		6,834	-6,665	-3,606	-19,810
Cash and cash equivalents beginning of period		114	17,219	10,554	30,364
Cash and cash equivalents end of period		6,948	10,554	6,948	10,554
Cash and cash equivalents at period-end are composed of:					
Cash		6,948	10,554	6,948	10,554
Cash and cash equivalents end of period		6,948	10,554	6,948	10,554

Notes (updated)

TDKK	Q4 2022	Q4 2021	Year 2022	Year 2021
1. Staff costs				
Wages and salaries	2,618	2,178	8,661	6,879
Pension costs	163	122	693	469
Other social security costs	15	14	76	62
Other staff costs	-64	86	159	256
	2,732	2,400	9,589	7,666
Staff costs classified as assets	-699	-424	-2,377	-1,806
	2,033	1,976	7,212	5,860
Average number of full-time employees	16	8	16	8
2. Intangible assets				
Cost beginning of period	19,856	13,341	15,470	9,398
Additions	1,206	2,129	5,592	6,072
Disposals	-6,998	-	-6,998	-
Cost end of period	14,064	15,470	14,064	15,470
Amortisation beginning of period	-3,940	-	-898	-
Amortisation for the period	-6,113	-898	-9,155	-898
Accumulated amortisations on disposals	6,998	-	6,998	-
Amortisation end of period	-3,055	-898	-3,055	-898
Carrying amount end of period	11,009	14,572	11,009	14,572
Booked value, development projects in progress	1,184	14,572	1,184	14,572
Booked value, completed development projects	9,825	-	9,825	-
	11,009	14,572	11,009	14,572
3. Changes in working capital				
Change in inventories	-349	-1,366	-3,281	-1,366
Increase/decrease in receivables	2,615	-319	489	241
Increase/decrease in trade payables etc	1,775	866	2,633	2,148
Total	4,041	-819	-159	1,023



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