



audientes

# Q1 2022 FINANCIAL REPORT

January 1 - March 31, 2022

Ven™ by Audientes now selling in India

CVR No. 36 04 76 31

# Table of contents

Audientes in brief	2
Ven now selling in India	3
Letter from the CEO	4
Doubling the number of sales outlets in India	6
Financial performance in Q1 2022	7
Financial calendar	8
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Cash flow statement	12
Notes	13

## Audientes in brief

Audientes A/S is a Danish technology company specializing in smart, self-fitting and affordable hearing aids. Audientes' unique hearing aid solution, Ven™ by Audientes, is 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. Audientes' mission is to help the approximately 500 million people globally suffering from disabling hearing loss who either cannot afford to buy one of the very expensive hearing aids on the market, or who do not currently have access to a solution to their hearing loss.

Audientes is listed on Nasdaq First North Growth Market Denmark (AUDNTS) and headquartered in Copenhagen, Denmark with a subsidiary in Hyderabad, India.

### About Ven™ by Audientes

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



**2014**  
Founded



**11**  
Partners



**350+**  
Number of  
Points of sale



**~ 500 million**  
Global number of people  
with disabling hearing loss

# Ven now selling in India

In the first quarter of 2022 Audientes generated revenue for the first time in the company's history. With the sales launch of Ven in India, an expanding partner and distribution network, plus a doubling in the number of sales outlets to over 350, Audientes is now beginning its commercial scaling from a very satisfactory platform.

"It is very fulfilling to see how far we have come overall and particularly in this quarter. We commenced 2022 by ramping up to mass production, closely followed by the shipping of Ven to our partner customers in India. We also expanded the commercial sales platform with the addition of several new partners as well as the addition of many further retail outlets, all of whom will bring Ven to Indian consumers nationwide, via both classic retail outlets and online via ecommerce. Our teams in India and Denmark have worked tirelessly to deliver on all expectations, and we continue to do so despite the current global challenges." Steen Thygesen, CEO, Audientes A/S.

## Performance highlights for Q1 2022

TDKK	Q1 2022	Q1 2021	2021
Revenue	21	0	0
Other operating income	214	0	214
EBITDA	-3,358	-2,610	-13,217
Profit/loss for the period	-4,050	-2,751	-12,901
Cash and cash equivalents	4,421	28,409	10,554
<hr/>			
Equity	21,434	35,620	25,484
Equity ratio (%)	82.2%	87.8%	81.0%
Earnings per share (DKK)	-0.43	-0.29	-1.38
No. of shares beginning of the period	9,349,010	9,349,010	9,349,010
No. of shares end of period	9,349,010	9,349,010	9,349,010
Average number of shares	9,349,010	9,349,010	9,349,010

## Highlights Q1 2022

- In January, Audientes began **mass production** of its first product, Ven.
- **In February we secured the final Equipment Type approval from the Indian Ministry of Telecommunications, which is a requirement from the Indian authorities to sell commercially there.**
- **Audientes' subsidiary in India was officially inaugurated in March**, with the presence of the Danish Minister for Health, Mr. Magnus Heunicke.
- In March we **began shipping the initial products to customers in India**, and have been in a satisfactory flow since then.
- **During the Quarter we entered into collaboration agreements with three further retail partners - Priority Hearing, Times Health Care and Ear Solutions - all with strategically important presence in the large Tier 1 cities.**

## 2022 outlook maintained

- Ven is **now being sold in hearing clinic chains, independent outlets and online** and we still expect – despite the minor delay due to COVID-19 at the beginning of the year – that we can reach our growth target for the year.
- **Audientes expects revenue in 2022 to be in the range of DKK 23-27 million, mainly generated from its activities in India through wholesalers and chains, as well as via Amazon, Flipkart and other online market places.**
- **Operating profit/loss (EBITDA) is expected to be in the range of DKK -13 to -15 million and should be seen as a result of intensified marketing and advertising activities following product launch.**

## 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.



# Letter from the CEO

The first quarter of 2022 presented several milestones in the company's history. This was the quarter when Audientes began mass production of its first product, Ven. It was also a period where we started shipping products to customers in India and, consequently, where we embarked on revenue generation for the first time in the company's history. We are now in our accelerated phase of commercialization and in an exciting period where consumers in India are now able to purchase Ven.

## Full commercial mode

All our efforts of the past several quarters culminated in the final weeks of this first quarter. Audientes is now in the targeted mass production flow with several thousand devices arriving for sale in India on a regular basis, helping us catch up with delays incurred earlier in the year. Thus, Audientes closed Q1 2022 in full commercial mode, marketing and selling Ven in India and generating the initial, albeit very modest, revenue from fulfilling initial customer orders.

Mid-March saw the official inauguration of Audientes' subsidiary in India, with the presence of the Danish Minister for Health, Mr. Magnus Heunicke at an event in Delhi held at the residence of the Ambassador of Denmark to India, followed shortly thereafter by the Ven product launch in the Indian B2B retailer segment.

## Entered mass production

We achieved an important milestone in January when Ven entered the first phase of mass production and when the first batch of commercially saleable devices left the production line and were shipped to the Indian market in branded retail-ready packaging.

We also secured the final Equipment Type approval from the Indian Ministry of Telecommunications, which is a requirement from the Indian authorities to sell commercially there.

Production subsequently began ramping up to full mass production in Q1 with these devices entering the Indian market in late March. Compared to the initial plans, there was a slight delay due to select COVID-19-related lockdowns in China affecting our production partner and certain sub-suppliers and leading to delays to mass production. We have learned a great deal from this situation and have now begun to operate with a larger stock of the sub-assembly items needed in production, as with buffer-stock for components.



Steen Thygesen - CEO, Audientes A/S

### **Doubling retail points of sales**

As we approached product availability, our focus during Q1 was on readying our organization for sales start. We entered into collaboration agreements with three further retail partners - Priority Hearing, Times Health Care and Ear Solutions - all with strategically important presence in the large Tier 1 cities of key value to Audientes. Additionally, since the close of the quarter, we secured a further three such partners – Ear Connect, TuneTech and SRK Meditech – and continued the build-up of our retail presence to support the market entry of Ven.

In building up our retail presence, we expanded focus to the substantial number of independent retailers in India, thereby doubling our number of sales outlets to now where we have 70 independent customers, 11 partners and over 350 points of sale for Ven.

### **Products shipped to all commercial partners**

We commenced shipments of products to our B2B partners in late March. At the time of reporting, we have shipped products to all our commercial partners and are in the process of developing further business with these as well as securing new partners, customers and points of sale.

Q1 was also about readying order fulfilment and setting up and testing the processes with our warehouse and fulfilment partner eShopBox, who helps us with B2B and B2C fulfilment. In early May, we also began B2C sales and shipping products to our pre-order customers and marketing and selling to consumers on audientes.in, Amazon.in, FlipKart and other online channels.

### **Product development and quality processes**

We have continued the work on the planned product for the US-market, which requires FDA approval as a self-fitting hearing aid and which is considered as a medical device.

As part of this journey, and for the future products we are planning to develop and market the coming years, we are working on securing certification according to ISO 13485 and on implementing the required quality management system and processes.

In Q1 we made tremendous strides in this direction, defined all the processes, and commenced the design and development of the successor product to Ven. Certification is expected later in 2022.

### **Strengthening the Board of Directors**

In April, the Audientes Board of Directors nominated Mr. Frank Vium to join the board. His nomination was approved at the 2022 AGM in April. Frank is a very experienced commercial executive with experience from Microsoft, Nokia, and IBM in developing commercial businesses. Board member Elisabeth Finnick stepped down from her Audientes board member position.

### **Funding the next growth phase**

In April, we announced that we had secured short-term loan financing, helping us to realize the true market potential of Ven and enable us to invest adequately in the next phase of growth.

We have also begun preparations for a larger capital raise in the second half of this year, and plan to expand the communications and knowledge about Audientes in investor circles to the other Nordic countries, most notably in Sweden.

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

Steen Thygesen  
CEO, Audientes A/S

# Doubling the number of sales outlets in India

Throughout Q1 2022, we continued to invest considerable time and effort in the further development and growth of our commercial business in India. With 11 signed partners to date, and 70 independent retailers, covering a combined total over 350 points of sale, we have established a solid foundation for the distribution of our hearing aid to Indian consumers.

We continue to target both the larger and more well-known hearing health organizations throughout India, as well as the local and regional chains there, with a goal to rapidly escalate our growth to culminate in several hundred points of sale by the year-end 2022.

While our partners are the cornerstone of Audientes' growth in India, we have also been focusing on expanding our reach towards individual retailers in India. These small, independent or family-owned outlets are an important part of our multi-channel sales platform strategy (online sales/offline sales) and, at the publishing of this report, now number more than 70. Consequently, and combined with our partner retail outlets, in Q1 2022 we more than doubled the number of points of sales where Ven will be available to more than 350.

*"We have successfully established a widespread distribution network in India within a short period of time. Having this robust network in place prior to our recent kick-off and sales launch is a tremendous advantage for Audientes and gives us a strong head start as we begin our revenue-generating journey."*  
Raman Rao, Country Head, India.

*"We have been eagerly awaiting Ven and are thrilled that shipments are now arriving. This is a highly anticipated device, both for us at Sravani Hearing Aid Clinic, but also for the India market in general. We have a large unaddressed group of clients that I believe Ven will be of great benefit to."*

Mr. Anjan Niyogi, owner and General Manager, Sravani Hearing Aid Clinic, Kolkata.

*"At Challa's, we have a large network of associated clinics and independent mom & pop retailers, many of whom are in the rural areas of Telangana and Andhra Pradesh and with a clientele that can greatly benefit from Ven. Now that we have the device in stock, I'm excited to begin offering it to my clients. Moreover, I am eager to demonstrate it to my network."*

Mr. Raghunath Reddy, General Manager and Chief Audiologist, Challa's Hearing Care Center & Speech Therapy Center, Hyderabad.



# Financial performance in Q1 2022

Q1 2022, we continued the accelerated pace of commercialization in India and have, so far in 2022, already secured a further three larger retail partners and a total of 350+ retail points of sale. This quarter we also moved into the mass production phase and the first sale of Ven was achieved. The activities and accomplishments in Q1 2022 are overall in line with plans and expectations for the quarter.

The financial development in Q1 2022 was characterized by the ongoing launch in India and the transfer from quality test production to mass production.

## Revenue

In line with expectations, first sales of the hearing aid devices were achieved in Q1 2022 and revenue of TDKK 21 was recorded.

Gross profit/loss for Q1 2022 was TDKK -1,647 compared to TDKK -1,326 in Q1 2021.

Gross profit/loss covers income received less costs of goods and external costs.

## Operating profit/loss

At the end of Q1 2022, our staff comprised nine employees in Denmark and six in India, versus seven and one respectively at the end in Q1 2021. Additionally, we collaborated with several external consultants and outsourcing vendors.

In Q1 2022 staff costs totalled TDKK 1,711, up from TDKK 1.284 in Q1 2021.

Operating profit/loss for Q1 2022 was TDKK -4,501 compared to TDKK -2,667 Q1 2021. The operating loss for this period is in line with expectations.

## Profit/loss

Tax for Q1 2022 is calculated as an income of TDKK 484 relating to expected disbursements under the Danish Tax Prepayment Scheme regarding development costs.

The loss for Q1 2022 thus amounts to TDKK -4,050 compared to TDKK -2,751 in Q1 2021.

## Capitalization of development projects

During Q1 2022, Audientes continued the development of its hearing aid concept, consisting of software and hardware technology that together create an innovative hearing aid solution.

Additions to intangible assets thus totalled TDKK 1,734 in Q1 2022, up from TDKK 1,050 in Q1 2021, due to the continued investment in the development of Audientes product and platforms.

After reduction of TDKK 966 in depreciation in Q1 2022, Audientes has, in total, capitalized TDKK 15,340 in development projects as intangible assets compared to TDKK 14,572 end of 2021.

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

## Receivables

At end-Q1 2022 receivables totalled TDKK 3,066 up from TDKK 1.369 at end-Q1 2021. The increase is driven by the increased tax receivable, which at end-Q1 2022 totalled TDKK 2,329 up from TDKK 407 at end-Q1 2021. The tax receivable is impacted by higher development activities, as this only includes expected disbursements under the Danish Tax Prepayment Scheme compared regarding development costs.

## Equity

At end-Q1 2022, equity totalled TDKK 21,434 compared to TDKK 35,620 at end-Q1 2021.

With total assets at end-Q1 2022 of TDKK 26,060, the solvency ratio was 82.2% compared to 87.8% at end-Q1 2021.

## Current liabilities other than provisions

At end-Q1 2022 current liabilities other than provisions totalled TDKK 4,626 and mainly consist of payables such as trade payables, personal income taxes, holiday pay obligation and subsidies from the Danish Market Development Fund not yet recognised as income.

## Cash flow

At end-Q1 2022, cash and cash equivalents amounted to TDKK 4,421 compared to TDKK 28,409 at end-Q1 2021.

In Q1 2022 Audientes generated a cash flow from operations of TDKK -4,391 compared to TDKK -885 in Q1-2021.

After investments in development and equipment of TDKK -1,742 the cash flow in Q1 2022 totalled TDKK -6,133 compared to TDKK -1,955 in Q1 2021.

## Events after the balance sheet date

Referring to the company announcement no. 06-2022 Audientes has in April 2022 secured a loan of TDKK 7,500.

The Q1-2022 Financial Report has not been audited.



# 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:

May 19, 2022	Q1 2022 reporting
August 25, 2022	Half-year 2022 reporting
November 17, 2022	Q3 2022 reporting

## Further information

Steen Thygesen, CEO  
Tel.: +45 53 17 26 10  
Email: steen.thygesen@audientes.com

## Company

Audientes A/S  
Teknikerbyen 5  
2830 Virum  
Denmark  
www.audientes.com

## Board of Directors

Povl-André Bang Bendz, Chairman  
Gitte Jürgens, Board member  
Peter Røpke, Board member  
Frank Vium, Board member

## Management

Steen Thygesen, CEO  
Hossein Sandfeld Jelveh, CTO

## Auditors

Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR No.: 33 96 35 56

## Certified advisor

Kapital Partner A/S  
Jernbanegade 4  
1608 Copenhagen V  
Tel.: +45 89 88 78 46  
www.kapitalpartner.dk



# Financial statements

## Income statement

TDKK	Note	Q1 2022	Q1 2021	2021
Revenue		21	0	0
Other operating income		214	0	214
<b>Gross profit/loss</b>		<b>-1,647</b>	<b>-1,326</b>	<b>-7,357</b>
Staff costs	1	-1,711	-1,284	-5,860
Depreciation, amortisation and impairment losses		-1,143	-57	-1,143
<b>Operating profit/loss</b>		<b>-4,501</b>	<b>-2,667</b>	<b>-14,360</b>
Other financial income		6	4	50
Other financial expenses		-39	-88	-473
<b>Profit/loss before tax</b>		<b>-4,534</b>	<b>-2,751</b>	<b>-14,783</b>
Tax on profit/loss for the period		484	0	1,882
<b>Loss for the period</b>		<b>-4,050</b>	<b>-2,751</b>	<b>-12,901</b>

## Balance sheet — assets

TDKK	Note	31.03.2022	31.03.2021	31.12.2021
Development projects in progress		15,340	10,448	14,572
<b>Intangible assets</b>	<b>2</b>	<b>15,340</b>	<b>10,448</b>	<b>14,572</b>
Other fixtures and fittings, tools and equipment		1,388	271	1,545
<b>Equipment</b>		<b>1,388</b>	<b>271</b>	<b>1,545</b>
Deposits		140	67	151
<b>Other financial assets</b>		<b>140</b>	<b>67</b>	<b>151</b>
<b>Fixed assets</b>		<b>16,868</b>	<b>10,786</b>	<b>16,268</b>
Manufactured goods and goods for resale		1,705	0	1,366
<b>Inventories</b>		<b>1,705</b>	<b>0</b>	<b>1,366</b>
Other receivables		558	312	1,325
Income tax receivable		2,326	407	1,843
Prepayments		182	650	98
<b>Receivables</b>		<b>3,066</b>	<b>1,369</b>	<b>3,266</b>
<b>Cash</b>		<b>4,421</b>	<b>28,409</b>	<b>10,554</b>
<b>Current assets</b>		<b>9,192</b>	<b>29,778</b>	<b>15,186</b>
<b>Assets</b>		<b>26,060</b>	<b>40,564</b>	<b>31,454</b>

## Balance sheet — equity and liabilities

TDKK	Note	31.03.2022	31.03.2021	31.12.2021
Contributed capital		935	935	935
Reserve for development expenditure		10,264	6,035	10,265
Retained earnings		10,235	28,650	14,284
<b>Equity</b>		<b>21,434</b>	<b>35,620</b>	<b>25,484</b>
Other payables		0	24	0
<b>Non-current liabilities other than provisions</b>		<b>0</b>	<b>24</b>	<b>0</b>
Bank loans		39	25	25
Trade payables		1,289	787	1,606
Other payables		300	751	1,128
Deferred income		2,998	3,357	3,211
<b>Current liabilities other than provisions</b>		<b>4,626</b>	<b>4,920</b>	<b>5,970</b>
<b>Liabilities other than provisions</b>		<b>4,626</b>	<b>4,944</b>	<b>5,970</b>
<b>Equity and liabilities</b>		<b>26,060</b>	<b>40,564</b>	<b>31,454</b>

## Statement of changes in equity for Q1 2022

TDKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity beginning of period	935	10,264	14,285	25,484
Loss for the period			-4,050	-4,050
<b>Equity end of the period</b>	<b>935</b>	<b>10,264</b>	<b>10,235</b>	<b>21,434</b>

## Cash flow statement for Q1 2021

TDKK	Q1 2022	Q1 2021	2021
Operating profit/loss	-4,501	-2,667	-14,360
Amortisation, depreciation and impairment losses	1,143	57	1,143
Working capital changes	3	-1,000	1,023
<b>Cash flow from ordinary operating activities</b>	<b>-4,358</b>	<b>-801</b>	<b>-12,194</b>
Financial income received	6	4	50
Financial expenses paid	-39	-88	-473
Taxes refunded/(paid)	0		446
<b>Cash flows from operating activities</b>	<b>-4,391</b>	<b>-885</b>	<b>-12,171</b>
Acquisition etc of intangible assets	-1,734	-1,050	-6,072
Acquisition etc of property, plant and equipment	-19	-19	-1,481
Changes in other financial assets	11	-1	-86
<b>Cash flows from investing activities</b>	<b>-1,742</b>	<b>-1,070</b>	<b>-7,639</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>-6,133</b>	<b>-1,955</b>	<b>-19,810</b>
Cash and cash equivalents beginning of period	10,554	30,364	30,364
<b>Cash and cash equivalents end of period</b>	<b>4,421</b>	<b>28,409</b>	<b>10,554</b>
Cash and cash equivalents at period-end are composed of:			
Cash	4,421	28,409	10,554
<b>Cash and cash equivalents end of period</b>	<b>4,421</b>	<b>28,409</b>	<b>10,554</b>

## Notes

TDKK	Q1 2022	Q1 2021	2021
<b>1. Staff costs</b>			
Wages and salaries	1,935	1,518	6,879
Pension costs	168	105	469
Other social security costs	22	21	62
Other staff costs	62	57	256
	<b>2,187</b>	<b>1,701</b>	<b>7,666</b>
Staff costs classified as assets	-476	-417	-1,806
	<b>1,711</b>	<b>1,284</b>	<b>5,860</b>
Average number of full-time employees	15	8	8
<b>2. Intangible assets</b>			
Cost beginning of period	15,470	9,398	9,398
Additions	1,734	1,050	6,072
<b>Cost end of period</b>	<b>17,204</b>	<b>10,448</b>	<b>15,470</b>
Amortisation beginning of period	-898	0	0
Amortisation for the period	-966	0	-898
<b>Amortisation end of period</b>	<b>-1,864</b>	<b>0</b>	<b>-898</b>
<b>Carrying amount end of period</b>	<b>15,340</b>	<b>10,448</b>	<b>14,572</b>
<b>3. Changes in working capital</b>			
Change in inventory	-339	0	-1,366
Increase/decrease in receivables	683	689	241
Increase/decrease in trade payables etc.	-1,344	1,120	2,148
<b>Total</b>	<b>-1,000</b>	<b>1,809</b>	<b>1,023</b>



**AUDIENTES A/S**

Teknikerbyen 5  
2830 Virum  
Denmark

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

[contact@audientes.com](mailto:contact@audientes.com)  
[www.audientes.com](http://www.audientes.com)