

# Annual Report



# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Auditdata A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022. In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review. We recommend that the Annual Report be adopted at the Annual General Meeting.

*Copenhagen, 31 May 2023*

## Executive Board

Kurt Groth Bager                      CEO

Martin Connie Pinborg              CFO

## Board of Directors

Lars Rahbæk Boilesen              Chairman

Morten Grube Weicher

Claus Bak Petersen

Lars Christian Lunde

# Management's Review

## Key activities

Auditdata is a leading independent provider of audiology solutions. The Company develops and sells software (SaaS and perpetual licence based) and software powered hardware primarily for the audiology industry, both private and public. Its products have relation to Office Management Systems and instruments for audiologists and focus on improving the patient care experience.

## Market overview

Auditdata distributes its products globally through direct and indirect channels.

## Development in the year

2022 was a year characterised by further post-Covid normalisation in the audiology market. In the year Auditdata executed on its growth strategy and gained market share in our core markets. The company also gained market share globally within private audiology clinics. Within hospitals, Auditdata focused on upgrading Hospitals to a newer version of office management systems.

The positive development has resulted in a significant increase in revenue from the company's sales of clinical equipment and subscription based software solutions. The Group's income statement for 2022 shows a profit before depreciation and amortisation of TDKK 20,196. The Group's balance sheet shows equity of TDKK 12,980.

## The past year and follow-up on development expectations from last year

The results for the year are considered satisfactory under the given circumstances even if they were slightly below Management's guidance.

## Capital resources

The Group has received commitments for a renewal of loans, which is why the capital resources are considered to be adequate for the following financial year.

### *Operating risks and financial risks*

### *Foreign exchange risks*

Foreign exchange risks relating to investments in foreign subsidiaries are not hedged.

## Targets and expectations for the year ahead

The Company expects continued growth in the sale of our products, particularly to the private retail sector. Management expects a profit before depreciation and amortisation for 2022 in to end in the range amount of TDKK 20,000 to TDKK 30,000.

## Research and development

To support the expected growth, we are planning to continue our investments in the development of new products in the years to come.

## External environment

As the Group does not produce hardware but buys it from subcontractors, the impact on the external environment is very limited.

## Intellectual capital resources

The Company's knowledge resources are crucial to the future earnings, which is why supplementary education and practical training of employees are essential for the Group.

## Uncertainty relating to recognition and measurement

No uncertainty has been involved in the recognition and measurement of the Financial Statements for the period from 1 January 2022 to 31 December 2022.

## Unusual events

No unusual circumstances have occurred in the financial year, apart from those already addressed in the Review.

## Subsequent events

In May 2023 the company has refinanced its debt financing with a new term facility, which runs to 2029. With the new financing in place the company has the financial resources in place to execute on the growth strategy for 2023 and 2024.

# Company Information

## The Company

Auditdata A/S  
Wildersgade 10  
DK-1408 Copenhagen

Telephone: + 45 40 51 87 85  
Facsimile: + 45 63 60 40 61

CVR No: 29 52 65 32  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

## Board of Directors

Lars Rahbæk Boilesen, Chairman  
Claus Bak Petersen  
Morten Grube Weicher  
Lars Christian Lunde

## Executive Board

Kurt Groth Bager  
Martin Connie Pinborg

## Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen, 44  
DK-2900, Hellerup

# Independent Auditor's Report

To the Shareholders of Auditdata A/S.

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Auditdata A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

Management’s responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- ✓ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.
- ✓ Evaluate appropriateness of accounting policies and reasonableness of accounting estimates and related disclosures made by Management.

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- ✓ Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- ✓ Evaluate the overall presentation, structure, and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ✓ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 30 June 2023  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

**Søren Ørjan Jensen**  
state authorized public accountant  
mne33226

**Martin Lunden**  
state authorized public accountant  
mne33209

# Chairman’s Statement

It has been my great pleasure to lead Auditdata once again this year as the company’s Chairman. I am happy to share that Auditdata had another successful year of innovation, growth, partnerships, and sales.

When looking at the numbers and the performance highlights, I am proud to say that 2022 was Auditdata’s strongest year yet:

- ✓ **Had very strong and consistent sales growth throughout the year.**
- ✓ **Invested heavily in new products within Measure and Manage.**
- ✓ **Secured many new customers from around the world.**
- ✓ **Won our first major global contract with the fastest growing optical and audiology retailer, Specsavers.**
- ✓ **Solidified new partnerships with a variety of market leaders.**
- ✓ **Won two prestigious Hearing Technology Innovator Awards™.**

And we expect solid growth in 2023 (and beyond) as a result of our high investments in innovation and new products.

**AUDIOLOGY IS AN EXCITING, HIGH-GROWTH AREA, WITH SIGNIFICANT UNTAPPED POTENTIAL, AND OUR COMPANY’S FUTURE IS BRIGHT!**

Respectfully,  
**Lars Rahbæk Boilesen**



Auditdata remains committed to innovation and data, exceptional customer care, creating value, providing transparency, and helping ensure clinical and business excellence across audiology businesses worldwide.

# Letter from our CEO

2022 has been a year of cutting-edge innovations, heavy product investment, exciting new partnerships, high employee engagement, and solid sales.

We are especially enthusiastic to report about our investments in new products within Measure and Manage, based on customer feedback. After listening to what our customers want and need, we have delivered the most comprehensive, intuitive, innovative, and streamlined software solutions to make their lives easier and drive better outcomes.

We had very solid and consistent sales growth throughout the year, securing many new customers and strategic partnerships. Our major global contract – with Specsavers, the fastest growing optical and audiology retailer – is going well. And we are continuing to provide the best care experience to our growing roster of customers, who appreciate our solutions, approach, and support.

I am proud of many things from 2022, including:

## Our people

We employ intelligent, innovative, passionate people throughout all levels of our company. Our exceptionally high employee engagement and low staff turnover show that we have created a rewarding place to work.

## Our products

Auditdata won two prestigious Hearing Technology Innovator Awards™ and we are proud to add “award-winning” in front of our Manage and Measure solutions.

## Our sales

Auditdata’s sales numbers have been consistently high this year, thanks to the high value that our solutions provide. Our rising sales numbers demonstrate that we are continuing to meet a need within the audiology industry.



## Our feedback

We have received positive customer feedback and high survey scores, which we take very seriously. These positive results help reinforce that we provide high-value solutions.

## Our principles

We are attentive. Transparent. Resourceful. Cutting-edge. We are driven by our curiosity about data, passion for technology, and agile mindset. Our approach allows us to pioneer solutions that are transforming the hearing care industry, helping providers worldwide give each patient the best care experience.

## Our value

Our data-driven value provider lets our customers use data in a variety of ways. It helps our customers make more informed business decisions. It drives growth. And this data helps healthcare professionals provide each customer with the best care experience.

I am proud to say that Auditdata offers the most innovative solutions in the audiology industry. Our solutions help drive both business and clinical outcomes, improving the world's hearing, ear by ear. And key audiences – including customers, prospects, partners, influencers, and others within our industry – are taking notice, whether that is by purchasing our solutions, recognizing us with awards, partnering with our organization, or recommending Auditdata to their networks.

Respectfully,

**Kurt Bager**

Looking forward, we are confident that our heavy investments in innovation and new products will pay off in 2023 and beyond, as we look towards continued growth, sales, engagement, and expansion.

# Our Business Model



## Our mission

We help hearing care providers improve clinical care and customer satisfaction and, in turn, drive their business performance and growth. Our data-driven, connected solutions cater to all steps of the customer journey and fit the needs of any audiology business, whether you have one or hundreds of clinic locations.



## Our vision



Our vision is to drive change in our industry and make hearing care providers the best they can be, empowering them to reconnect more people with hearing loss to the world.



## Our purpose



At Auditdata, we want to drive a new era of data-driven productivity, transforming the ability of hearing care providers to get more clients, meet their needs better, improve clinical care and run a more efficient business operation.

# The Principles that Guide Us



## Attentive

We strive to be attentive to both clients and businesses by observing, listening, and collaborating on solutions that best serve all parties’ needs.



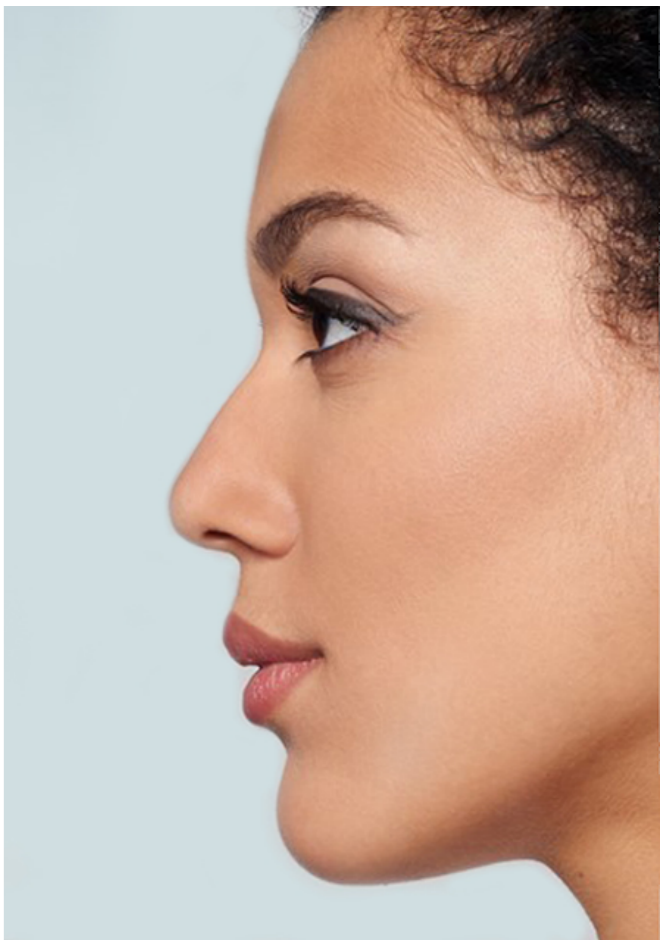
## Transparent

We take a straightforward approach based on openness and honesty to common industry hurdles like closed-off processes, black-boxed practices, and lack of client insight, establishing ourselves as a reliable, independent partner.



## Resourceful

We build relationships based on solid expertise and a deep understanding of the entire customer journey. We are eager, committed to, and responsible for our clients' success.



## Cutting-edge

Our curiosity drives us about data, passion for technology, and agile mindset. Our approach allows us to pioneer solutions to challenge and transform the hearing care industry.

# Performance Highlights

2022 has been an exciting year for Auditdata, as many of our goals have come to life.

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## Unprecedented Revenue Expansion

In 2022, we marked a significant milestone by generating 123 DKKKM in revenue. This impressive figure shows our dynamic approach to penetrating and expanding within our target markets. Our commitment to innovation and understanding market needs has positioned us as a forerunner in this growth trajectory.

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## Global Team Growth

2022 saw us opening our doors to 25 talented individuals from across the globe. Each of these new team members brings unique expertise and perspectives, further enriching our global operations and reinforcing our commitment to being a truly international enterprise.

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## Flawless PN Conversions

Our strategic acquisition flourished as we seamlessly integrated 30 Practice Navigators into Auditbase, showing not only our capacity to grow through mergers and acquisitions but also emphasizing our commitment to ensuring that customers from every fold receive the best of what Auditbase has to offer in hospitals.

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## Resilience Amid Global Conflict

The conflict in Ukraine presented unforeseen challenges on a global scale. However, our team, driven by a mission and guided by our core values, displayed remarkable resilience. We are proud to report that, even in the face of such adversity, we managed to retain high levels of loyalty and productivity and have not had any disruptions in our workflows.

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## Commitment to Diversity

We understand the power of diverse perspectives. We invested in age, ethnicity, and cultural diversity, including leadership roles to promote diversity. This initiative is more than just a checkbox for us; it's about harnessing the wealth of ideas and experiences to drive global growth.

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## Partnership with Specsavers

We are thrilled to announce that we've rolled out the first version of Manage for Specsavers. This collaboration marks the beginning of a new chapter, one where we lay robust foundations for exponential growth. With this launch, we are well-positioned to make significant inroads into the US, UK and Australia markets in 2023.

# How Auditdata Creates Value

Auditdata successfully focuses on data, customer engagements, and people. Our team is fully committed to being the best-in-class software and data company in the audiology industry, focusing 100% on customer value. As we approach Auditdata’s 30th anniversary, we bring three decades of industry knowledge to our clients.



## Hospital

On the hospital side, we offer rich, fully integrated software systems to help our clients manage and analyze complex data and use that information to improve workflows and performance. We also assist hospitals in making hearing clinics more efficient, providing better care, and reducing waiting lists.

## Retail

On the retail side, we listen to our clients’ requests and provide what they need to make their days more accessible and efficient. Retail clients use our solutions to collect, access, and understand data to drive business value, high-quality care, profits, and customer satisfaction.

Our hospital and retail clients can integrate multiple systems, allowing them to work smarter and make better decisions based on data.

“

*Auditdata bridges the gap between clinical care and business excellence by monitoring and correlating the clinical process with the business outcome. Data is the key to greater excellence and better conversations.*

**Kurt Bager,**  
Auditdata CEO

Auditdata uniquely provides clinical and business data, a significant differentiator for us, and a tremendous value proposition for our customers.

In 2022, we invested heavily into Manage and Measure, adding new features and functionality to help hearing professionals worldwide. This was a huge endeavor, and the Auditdata team rose to the occasion and exceeded our expectations, giving their time, energy, and impressive ideas to make our great products even better.

We were excited to introduce Auditdata's new features and functionalities, including guided workflows, which allow hearing clinics to streamline clinical operations with one-click access to all functions, making it easy for staff to navigate through the different steps across the entire platform. Our workflow system ensures that no steps are missed, so hearing clinics can deliver consistent, high-quality care to their patients.

The new patient management feature within Manage is revolutionizing the industry, allowing staff to spend more time on patient care and revenue-drivers, rather than administrative tasks. This feature makes it easy to create, update, and access patient profiles, boosting efficiency and accuracy.

Our customers love the reminders and notifications feature within Measure, which helps drive positive decisions. Hearing care professionals are guided throughout our software, with automated visual notifications and reminders that help them provide more efficient, accurate, and consistently high-quality audiometry with complete confidence.

Not only do we have the best technologies and the most innovative solutions, but we also have the very best people working here. Auditdata employees are intelligent, attentive, ambitious, and loyal. They are creative, with cutting-edge ideas. They are problem-solvers who would not rest until they make the Auditdata experience absolutely extraordinary for all our customers. They make us proud every day.



# Our Strategic Aspiration and Growth Platform

Auditdata will continue bringing innovative new products to market and deliver high value to our clients. Soon, we will expand to further geographies and related niches.

We will, as always, help our clients provide better, more efficient, and more accurate customer care for more vital bottom lines. Our ongoing commitment is to help hearing care professionals do things more innovatively and better with proper examinations, diagnoses, solutions, and fittings. Our software provides clinical and business data that our clients can use to improve their businesses, processes, workflows, and outcomes.

As the industry’s leading “software and data guys,” we carry a responsibility to be edgy and innovative, and we take this seriously. Investing heavily in Research and Development remains our priority, and we plan to expand our team of experienced, skilled software engineers to build more innovative and robust products. We will work tirelessly to bring more value to our clients (and their clients and patients).



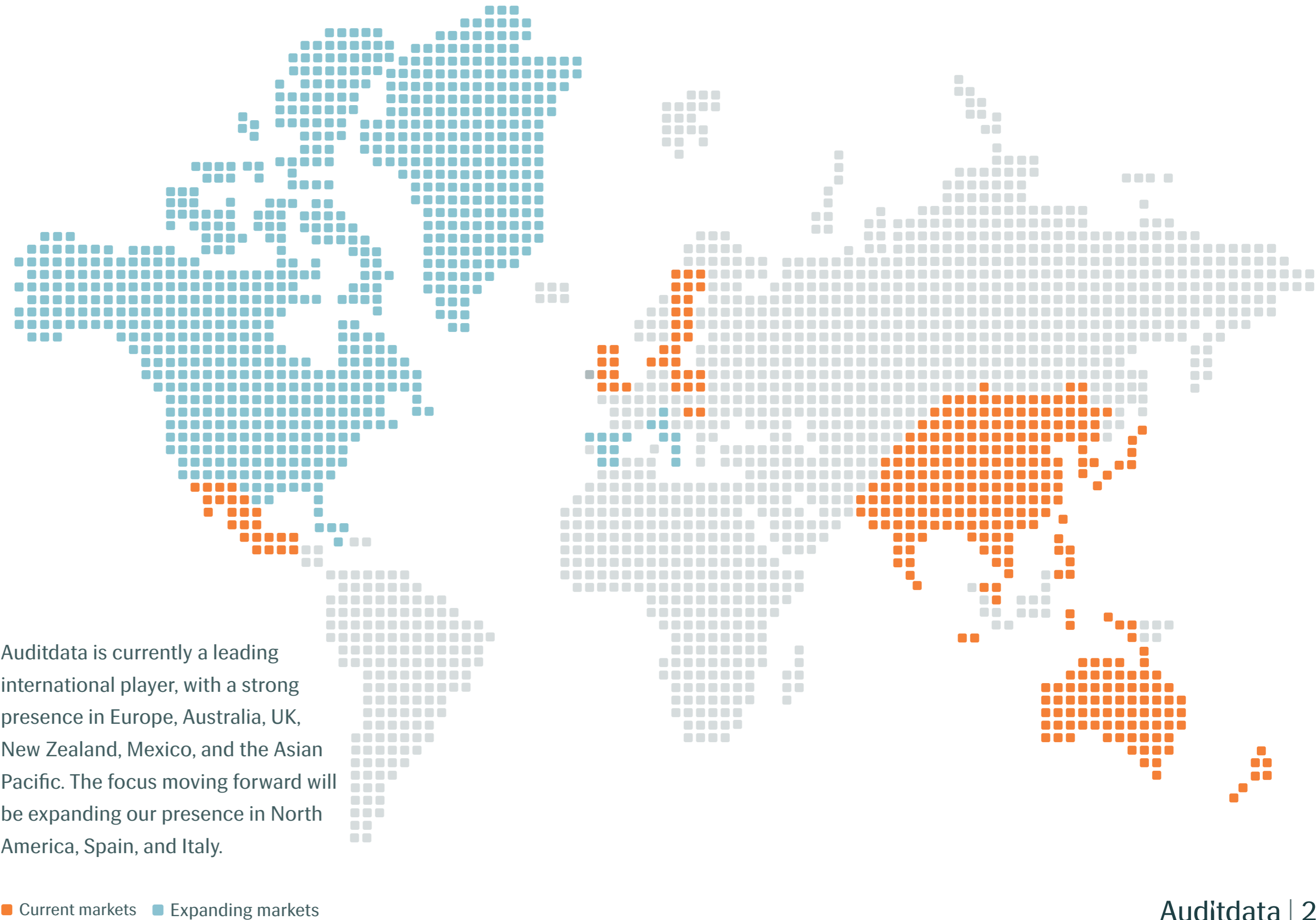
# Environment & Market

Auditdata continues to prioritize our ESG strategy, with efforts that span the environment, sustainability, corporate governance, as well as diversity, equity, and inclusion.

As part of our efforts, we are:

1. **Focusing on our Climate Change Policy** by developing an action plan to achieve carbon neutrality by 2030, integrating climate change considerations into all business decisions throughout our organization, reducing and diverting waste, and taking actionable steps to become greener and more sustainable across our organization.
2. **Reducing our carbon footprint** by implementing energy-saving efforts and implementing energy efficiency initiatives in our offices. Increasing sustainability in our supply chain.
3. **Focusing on diversity, equity, and inclusion efforts** by hiring diverse employees in terms of gender, age, religion, race, sexual orientation, socioeconomic background, etc., and increasing diversity on our Board of Directors.
4. **Working proactively** to promote equal opportunities for everyone within our organization. Building an inclusive culture, where every employee feels welcome, valued, and supported, and is given the resources necessary to succeed. Leveraging our different perspectives, opinions, backgrounds, and ideas to drive growth and innovation.
5. **Setting specific DEI targets**, such as achieving 50% of women in management positions and increasing ethnic/racial diversity in management positions by 50% with a 2030 target date.
6. **Focusing on employee working conditions**, well-being, fair pay, retention, and attraction. Reviewing and reassessing our ESG policies regularly.
7. **Providing training, development, and mentorship opportunities** to help all employees grow and advance in their careers.
8. **Following an anti-corruption and bribery policy**, which includes upholding a zero-tolerance approach for any form of bribes or corruption, making business decisions based upon the best interests of Auditdata – not upon any personal interests of our employees, partners, vendors, Board members, or other stakeholders, and acting with integrity always, in all business matters.
9. Reviewing and reassessing **our ESG policies** regularly.
10. Documenting, monitoring, and reporting on **our governance, risk, and compliance strategy**.

# Geographic Markets



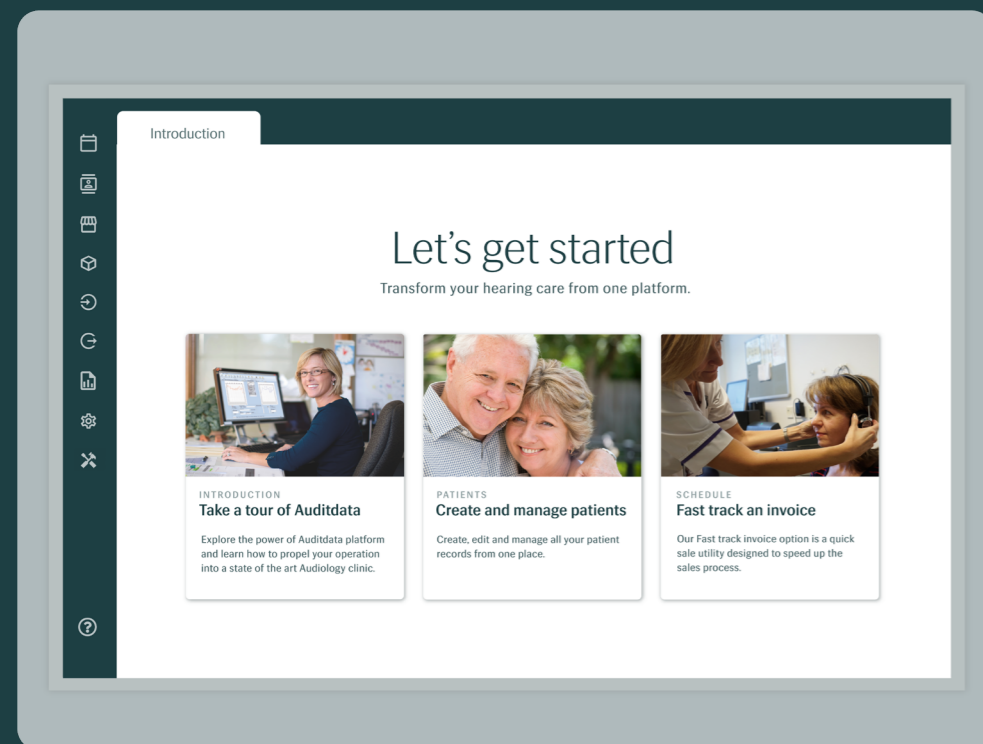
# Product Areas

This is how we help our clients

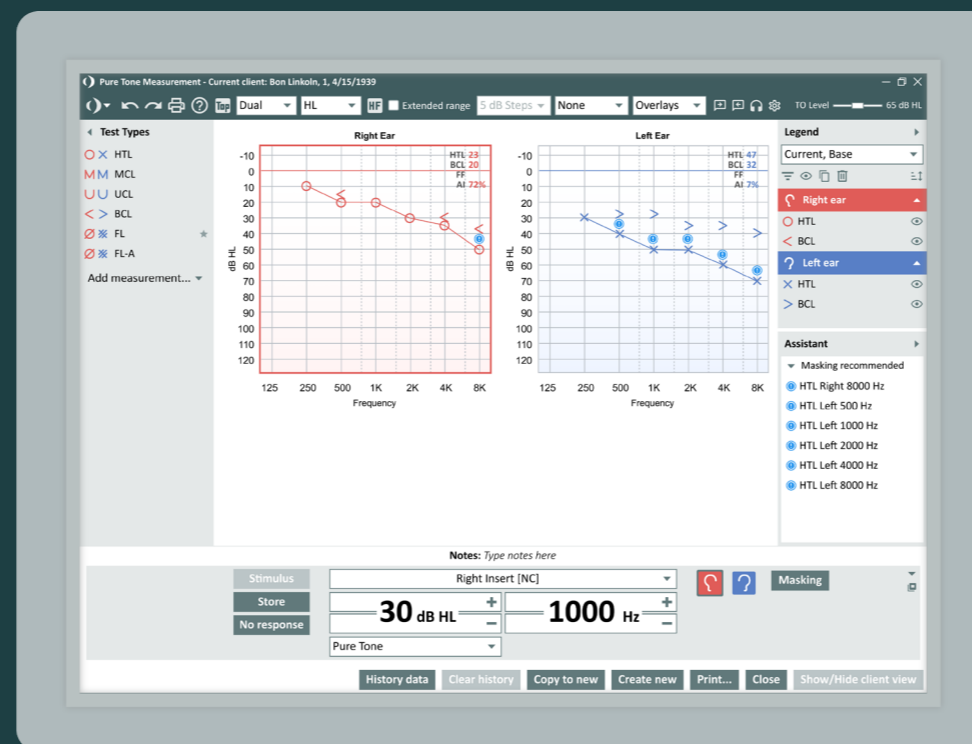
Auditdata is an end-to-end leader, delivering extraordinary solutions specifically for the hearing care industry. We offer groundbreaking hardware and software solutions, better integrations, and more flexibility, giving our customers comprehensive data and insights to improve clinical and business outcomes.

“ Auditdata helps audiology clinics connect dots, understanding how data can help improve clinical and business excellence. By collecting data and looking at performance metrics, we can help the industry be more proactive, perform better, and provide better customer experiences.

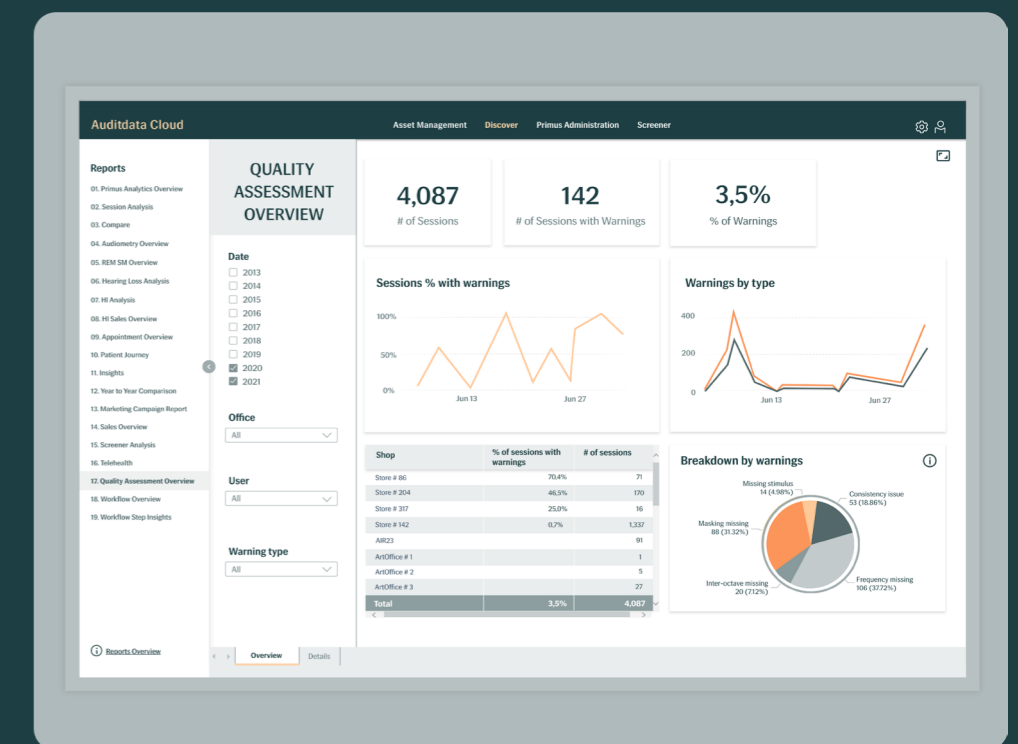
Christoffer Spangenberg, Auditdata CCO



Auditdata Manage



Auditdata Measure



Auditdata Discover

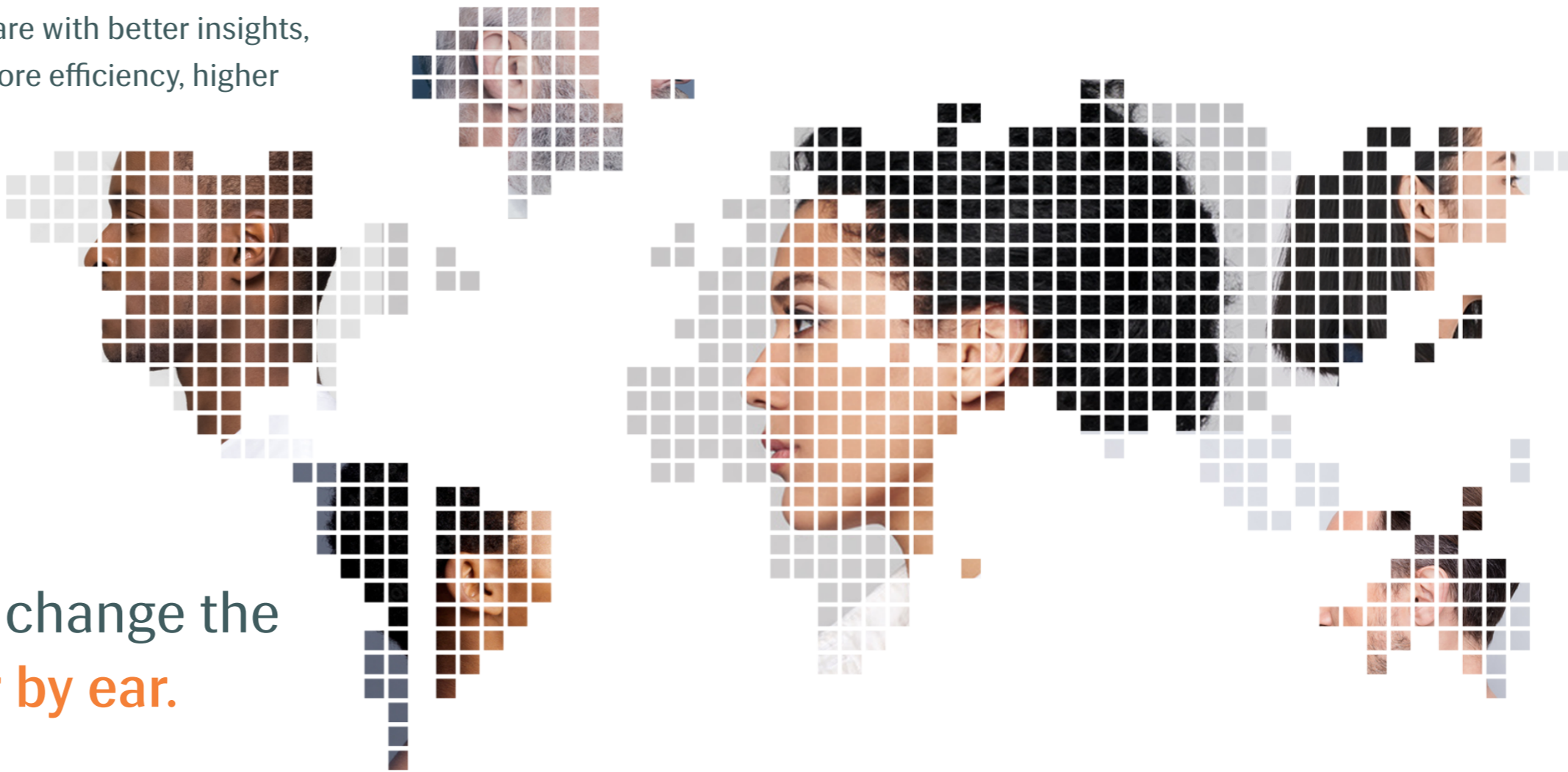
# Clinical & Commercial Excellence

Auditdata is the only company that connects the dots between clinical and commercial data. We’re also the only ones that deliver a unique software platform that accommodates multiple countries, languages, time zones, and reimbursement regulations to give these valuable clinical and commercial insights. Auditdata provides business value, and we’re demonstrating that we can drive KPIs into much better performance, client satisfaction, buy rates, and lead generation because we’re tracking data across the entire customer journey.

Suppose a hearing clinic has high return rates on hearing aids. They can use Auditdata software to understand why and resolve the issues. Perhaps the data shows that the clinic needs to improve the fitting or testing processes. Or maybe it indicates that the clinic must do more training and onboarding with clients during hearing aid trials. The data allows clinics to get clear insights from across their organization to improve KPIs – and boost their bottom-line.

Our solutions drive hearing health care with better insights, leading to operational excellence, more efficiency, higher profits, and happier clients.

With our clients, we change the world of hearing **ear by ear.**



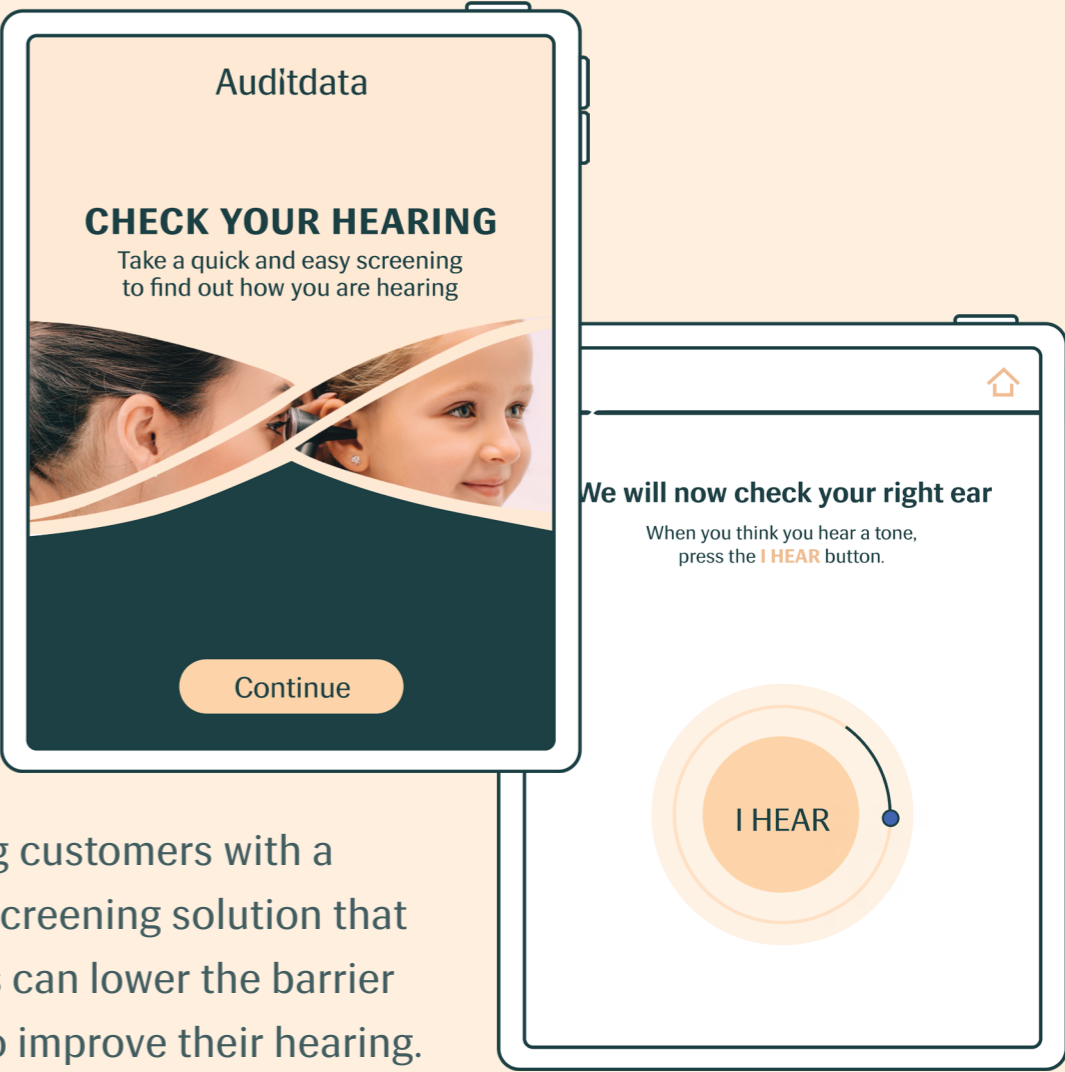
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# AUDITDATA ENGAGE

Engage is a user-friendly, tablet-based hearing test and cost-effective lead generator that can help audiology businesses grow. It’s easy to use, accurate, and portable, so it can be used anywhere. It offers self-testing, which requires almost no assistance. And it’s customizable, allowing retailers to build a test flow based on modular elements and create the user experience that best fits their business needs and customers’ journeys.

Engage integrates seamlessly with our Practice Management System, Manage, allowing hearing clinics to automatically follow up with anyone whose screening showed a hearing loss, bringing them into their clinic for a more thorough hearing examination.

Additionally, Engage helps hearing practices pre-qualify leads so clinicians are only seeing customers with a hearing loss, maximizing their time and increasing hearing aid sales. By offering a simple screening solution that takes only a few minutes – and is often available without an appointment – hearing clinics can lower the barrier of entry for prospects, create awareness about hearing health, and inspire people to act to improve their hearing.



Hoyrnin’s owner/head audiologist Jutta Helgadóttir uses Auditdata’s solutions to improve the entire customer journey. She generates leads with Auditdata’s hearing screener, converts leads with the practice management software and uses powerful measurement tools to demo the hearing aids and sell the experience of being able to hear better with proper devices.

Helgadóttir has found that Auditdata solutions provide transparency, ensure all data is correct in the software, track key performance indicators, and amplify marketing and communication efforts, allowing her to focus more time, energy, and attention on her clients.

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# AUDITDATA MEASURE

Auditdata Measure is a portfolio of audiological equipment run by advanced software that lets our customers manage and optimize clinical workflows based on data-driven insights. Standardizing, benchmarking, and optimizing clinical processes means higher clinical performance, better quality, and, ultimately, happier customers.

Whether hearing care professionals are doing testing and fitting at their clinic or out in the community, Measure offers flexible, connected solutions. For instance, Primus Pro, a tool within Measure, is a fast, efficient, and user-friendly audiometer and fitting unit that delivers everything audiologists need to perform advanced clinical audiometry, counselling, and fitting. Measure lets audiologists customize the modules they need, such as video otoscopy, REM, or speech mapping.



Additionally, Measure offers a variety of helpful features, including customizable clinical workflows and pop-up audiometric reminder nudges that help ensure clinicians follow best practice protocols. These features boost patient satisfaction as well as clinical quality and consistency during exams.

Hearing practices worldwide can ensure that they are offering the very best hearing testing and hearing aid fitting by using Measure, which offers the most modern, integrated technology and consistent, best-in-class clinical processes.



*"We use a clinical workflow to give the best quality to every client that comes in, and to ensure the same high quality across all clinics and employees. No matter which hearing center a client visits, they will start at the same point, go through the same journey, and will end up with the best possible hearing solutions to meet their specific needs".*

**Lore Heylen**  
Audiologist and Quality Manager



*"I could not accomplish all my daily tasks without Auditdata Measure. The diagnostics gave me equipment in an all-in-one solution, allowing to easily and accurately carry out real ear measurements, speech mapping, speech in noise testing, and hearing aid provision. I wouldn't feel comfortable dispensing hearing aids without these objective, accurate measurements".*

**Brendan Milburn**  
Owner and Managing Director

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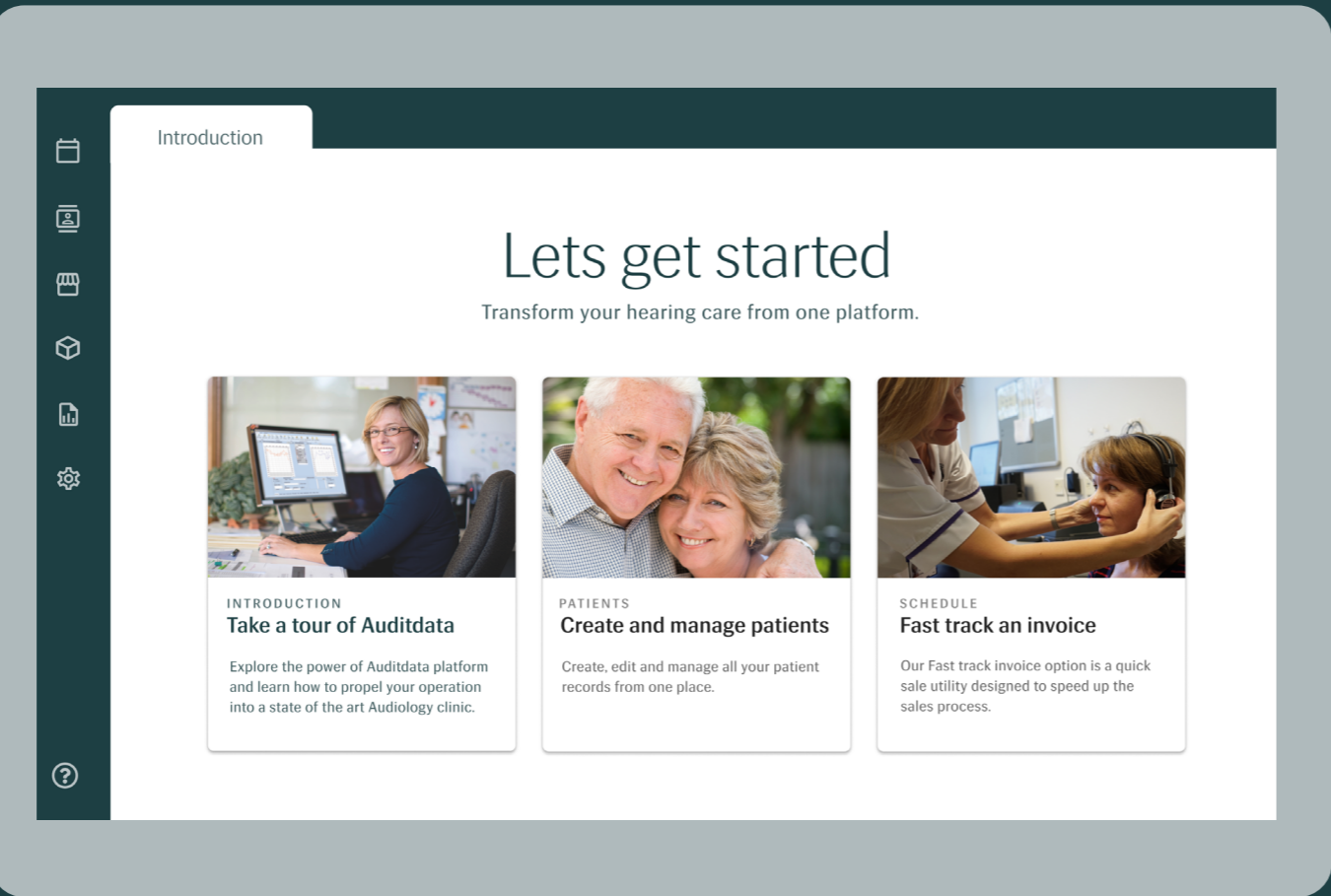
Board of Directors/ Executive Management

# AUDITDATA MANAGE

Manage, Auditdata’s data-driven, cloud-based Practice Management System – or PMS – was designed specifically to meet the needs of hearing clinics, helping staff expertly handle all the tasks that come with a busy audiology practice. The beauty of Manage is that it’s comprehensive and fully featured, yet user-friendly and intuitive, integrating all the features and functions that hearing clinics need.

Manage’s appointment scheduler has the most advanced resource scheduling capabilities in the marketplace. Additionally, reminders and notifications can be customized and automated, allowing hearing clinic staff to spend more time interacting with customers and less time on administration.

Using the reporting features in Manage helps clinic leaders gather data and gain valuable insights on clinical quality and business outcomes across the clinic, including sales numbers, hearing aid trials, returns, and more. Reporting is beneficial in many ways, as it can help increase efficiency, reduce errors, optimize operations, benchmark performance, improve outcomes, boost your bottom line, and allow clinic leaders to make more informed business decisions.



Manage’s guided workflows take hearing care staff through every aspect of customer care, increasing transparency, quality, and compliance, and allowing teams to provide exceptional customer service. Customizable workflows prompt all actions, from scheduling, recalls, tasks, invoicing, and more, resulting in increased efficiency, compliance, consistency, revenue, and customer satisfaction.



*"When it comes to a practice management software, your time is worth so much more than the cost of the database".*

**Stephen Jones**  
Hearing Instrument Specialist



*"One of the biggest benefits that we’ve found is having information stored in the cloud so we can access it from all locations. With Auditdata’s solutions, our employees can log in from home to reschedule appointments if we need to close any clinics due to weather or any other reason".*

**Sylvia Tavares**  
Clinic Operations Manager

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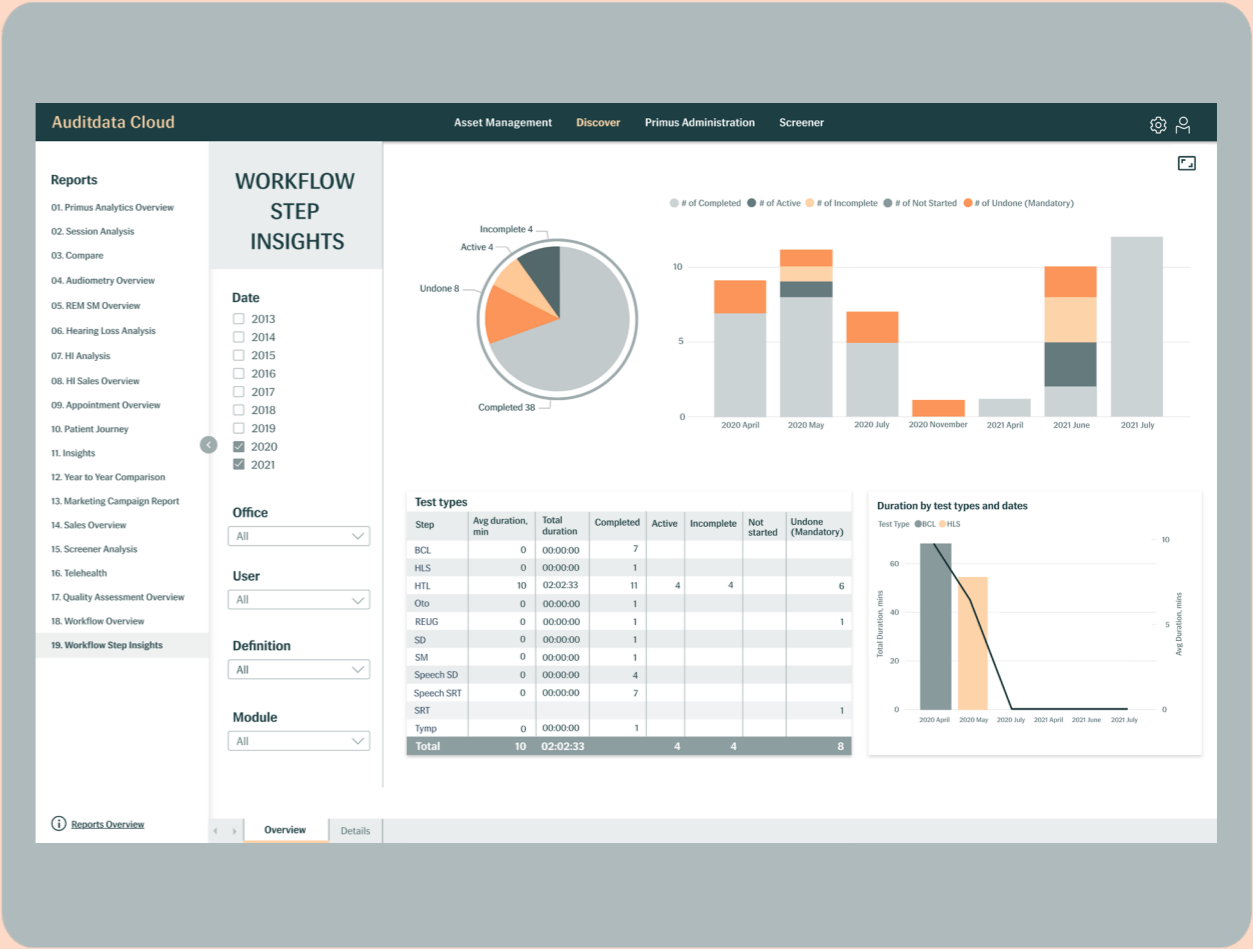
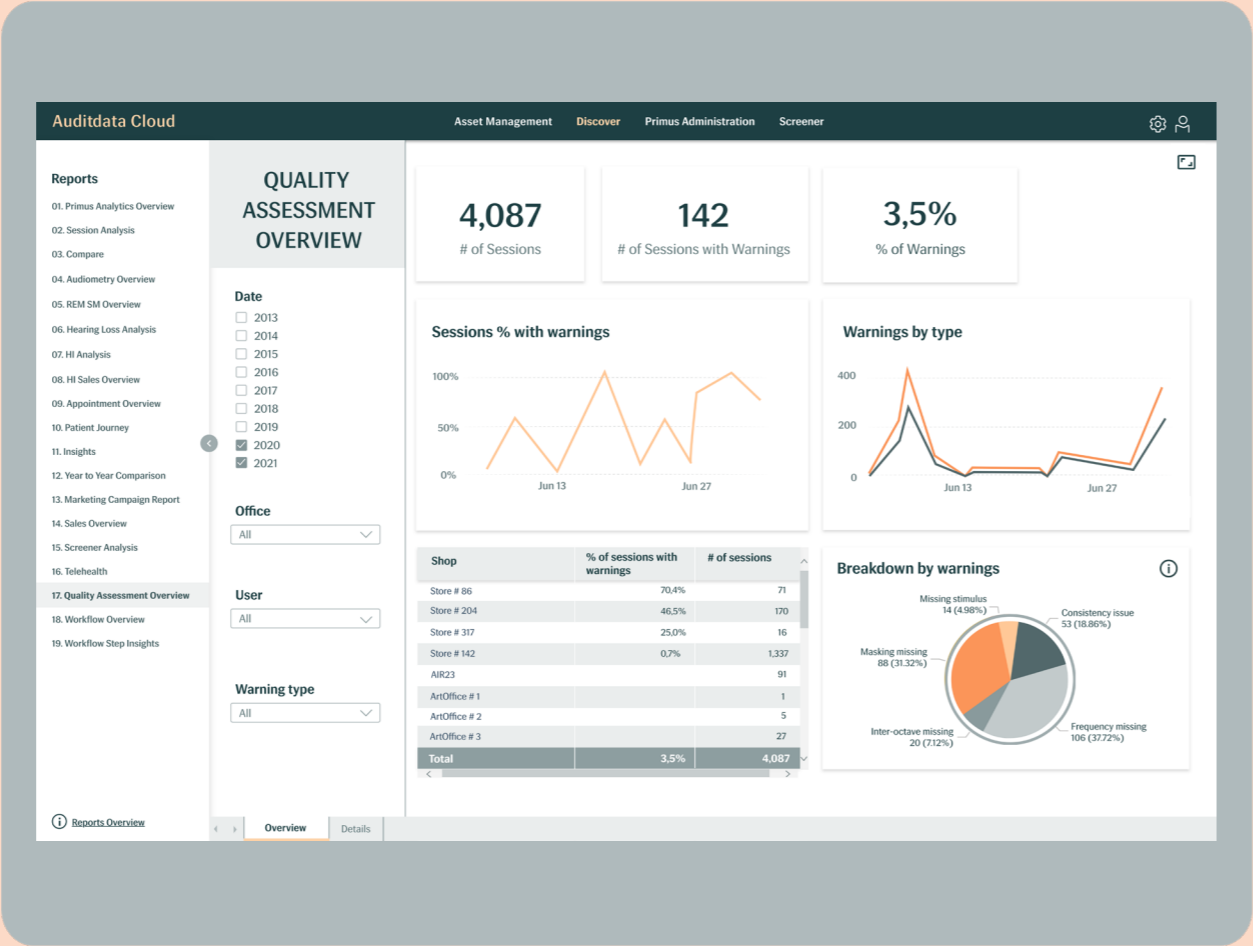
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# AUDITDATA DISCOVER

Auditdata Discover is an analytics platform that makes businesses transparent by providing metrics from crucial business areas. Moreover, it provides insights into each step of the hearing care customer journey, empowering fact-based business decisions.

Activating data can help reveal where to focus marketing efforts, understand how to increase performance, and provide insights on clinical quality and hearing care outcomes across clinics, staff, and clients.



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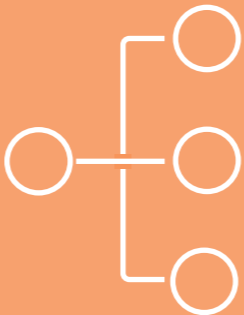
# AUDITBASE

Auditbase is the leading hospital IT solution for audiology in the Nordics, UK and Republic of Ireland with more than 650 hospital audiology clinics using Auditbase and +6000 users. The software was launched in 1993 focusing on working smarter in hospital audiology clinics.

We started out very simple, but today we have a fully integrated platform localized for the markets we operate which incorporates to audiological hardware solutions and NOAH.



Optimise your clinic work flow



Modular structure for extensive flexibility



Verified by independent trusted authorities



Easy access to all relevant patient data



Full access to all data for management and optimisation reporting



Synchronise data when using Auditbase outside the network



Full Noah interface

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# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Result before depreciations	20.196	10.626	17.158	11.932	13.707
Operating profit/loss	4.598	-1.827	4.900	3.196	4.781
Profit/loss before financial income and expenses	4.598	-1.827	6.613	3.196	4.781
Net financials	-1.836	-741	-5.024	-2.458	-1.365
Net profit/loss for the year	1.894	-2.385	1.378	36	2.098
Balance sheet					
Balance sheet total	127.857	107.253	99.644	89.636	77.948
Equity	12.980	10.864	14.093	6.791	8.154
Cash flows					
Cash flows from:					
- operating activities	14.533	14.313	16.755	13.167	7.788
- investing activities	-28.054	-20.053	-17.014	-22.655	-12.352
including investment in property, plant, and equipment	-1.427	-2.036	-1.083	-2.524	-524
- financing activities	13.010	4.693	6.253	7.430	4.428
Change in cash and cash equivalents for the year	-511	-1.047	5.994	-2.058	-136
Number of employees	125	116	98	89	82
Ratios					
Return on assets	3,6%	-1,7%	6,6%	3,6%	6,1%
Solvency ratio	10,2%	10,1%	14,1%	7,6%	10,5%

# Financial Statements

## Income Statement 1 January - 31 December

	Note	Group		Parent	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		74.199	67.262	63.078	41.082
Staff expenses	3	-54.003	-56.636	-41.379	-32.716
Result before depreciations		20.196	10.626	21.699	8.366
Depreciation, amortisation, and impairment of intangible assets and property, plant and equipment	4	-15.598	-12.453	-11.415	-8.672
Profit/loss before financial income and expenses		4.598	-1.827	10.284	-306
Income from investments in subsidiaries		0	0	-5.801	-3.056
Financial income	5	1.152	1.805	1.024	817
Financial expenses	6	-2.988	-2.546	-2.967	-520
Profit/loss before tax		2.762	-2.568	2.540	-3.065
Tax on profit/loss for the year	7	-868	183	-645	680
Net profit/loss for the year		1.894	-2.385	1.895	-2.385

Balance Sheet 31 December					
/Assets					
		Group		Parent	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Completed development projects		45.843	26.391	40.800	19.587
Customer relations		2.171	2.652	0	0
Acquired other similar rights		627	855	627	855
Goodwill		9.626	11.348	0	0
Development projects in progress		9.776	14.690	9.776	14.690
<b>Intangible assets</b>	8	<b>68.043</b>	<b>55.936</b>	<b>51.203</b>	<b>35.132</b>
Other fixtures and fittings, tools, and equipment		3.348	3.360	2.027	2.400
<b>Property, plant, and equipment</b>	9	<b>3.348</b>	<b>3.360</b>	<b>2.027</b>	<b>2.400</b>
Investments in subsidiaries	10	0	0	16.016	18.089
Deposits	11	487	469	487	469
<b>Fixed asset investments</b>		<b>487</b>	<b>469</b>	<b>16.503</b>	<b>18.558</b>
<b>Fixed assets</b>		<b>71.878</b>	<b>59.765</b>	<b>69.733</b>	<b>56.090</b>
<b>Inventories</b>		<b>3.181</b>	<b>2.605</b>	<b>2.074</b>	<b>1.588</b>
Trade receivables		37.177	30.539	22.416	20.422
Receivables from group enterprises		0	0	6.019	10.619
Other receivables		1.979	6	1.537	0
Corporation tax		3.179	2.827	3.179	2.796
Prepayments	12	2.289	2.826	1.490	992
<b>Receivables</b>		<b>44.624</b>	<b>36.198</b>	<b>34.641</b>	<b>34.829</b>
<b>Cash at bank and in hand</b>		<b>8.174</b>	<b>8.685</b>	<b>5.548</b>	<b>4.679</b>
<b>Currents assets</b>		<b>55.979</b>	<b>47.488</b>	<b>42.263</b>	<b>41.096</b>
<b>Assets</b>		<b>127.857</b>	<b>107.253</b>	<b>111.996</b>	<b>97.186</b>

Management's Statement	Balance Sheet 31 December					
Management’s Review	/Liabilities and equity					
Company Information		Note	Group		Parent	
			2022	2021	2022	2021
			TDKK	TDKK	TDKK	TDKK
Independent Auditor’s Report	Share capital		1.513	1.505	1.513	1.504
Chairman’s Statement	Reserve for development costs		0	0	39.448	26.737
	Reserve for exchange rate conversion		0	0	-1.189	-877
Letter from our CEO	Retained earnings		11.467	9.359	-26.791	-16.501
	Equity		12.980	10.864	12.981	10.863
Our Business Model	Provision for deferred tax	14	8.291	4.541	8.291	4.541
The Principles that Guide Us	Provision relating to investments in group enterprises		0	0	426	0
	Provisions		8.291	4.541	8.717	4.541
Performance Highlights	Payables to owners and management		29.000	29.000	29.000	29.000
How Auditdata Creates Value	Other payables		268	2.620	268	2.620
	Long-term debt	15	29.268	31.620	29.268	31.620
Our Strategic Aspiration and Growth Platform	Credit institutions		27.749	23.276	27.749	23.276
	Prepayments received from customers		26	0	26	0
Environment & Market	Trade payables		12.656	5.949	9.293	7.136
	Payables to group enterprises		0	0	1.828	1.083
Geographic Markets	Payables to owners and management	15	4.000	0	4.000	0
	Other payables	15	5.522	9.368	5.071	6.151
Product Areas	Deferred income	16	27.365	21.635	13.063	12.516
Clinical & Commercial Excellence	Short-term debt		77.318	60.228	61.030	50.162
	Debt		106.586	91.848	90.298	81.782
Financial Highlights	Liabilities and equity		127.857	107.253	111.996	97.186
Financial Statements	Capital resources	1				
	Subsequent events	2				
	Distribution of profit	13				
Board of Directors/ Executive Management	Contingent assets, liabilities and other financial obligations	19				
	Related parties	20				
	Accounting policies	21				
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Statement of Changes in Equity

Group	Share capital	Reserve for development cost	Reserve for exchange rate conversion	Retained earnings	Total ammount
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.504	0	0	9.359	10.863
Exchange adjustments	0	0	0	-312	-312
Cash capital increase	9	0	0	1.391	1.400
Other equity movements	0	0	0	-865	-865
Net profit/loss for the year	0	0	0	1.894	1.894
Equity at 31 December	1.513	0	0	11.467	12.980

Parent	Share capital	Reserve for development cost	Reserve for exchange rate conversion	Retained earnings	Total ammount
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.504	26.736	-877	-16.500	10.863
Cash capital increase	9	0	0	1.391	1.400
Exchange adjustment relating to foreign entities	0	0	-312	0	-312
Other equity movements	0	0	0	-865	-865
Development costs for the year	0	20.755	0	-20.755	0
Depreciation, amortisation and impairment for the year	0	-8.043	0	8.043	0
Net profit/loss for the year	0	0	0	1.895	1.895
Equity at 31 December	1.513	39.448	-1.189	-26.791	12.981

The Company issues warrants to key employees entitling them to subscribe for B shares in the Company. The total value of issued warrants is DKK TDKK 1,224. Warrants can only be exercised in connection with a sale of the Company, an IPO, etc. (exit event) and are conditional upon the employees being employed by the Company at that time. In addition, it is a prerequisite that, on exit, an average annual return has been achieved that exceeds a level stipulated in the agreements (hurdle rate). The exercise price is generally a price established at the time of issuance plus 10% p.a. Employees have paid a price for the warrants equal to the estimated fair value at the time of granting.

# Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022	2021
		TDKK	TDKK
Net profit/loss for the year		1.894	-2.385
Adjustments	17	18.302	13.406
Change in working capital	18	-6.355	4.897
Cash flows from operating activities before financial income and expenses		13.841	15.918
Financial income		1.152	115
Financial expenses		-2.990	-2.546
Cash flows from ordinary activities		12.003	13.487
Corporation tax paid		2.530	826
Cash flows from operating activities		14.533	14.313
Purchase of intangible assets		-26.609	-17.973
Purchase of property, plant, and equipment		-1.427	-2.036
Fixed asset investments made, etc		-18	-44
Cash flows from investing activities		-28.054	-20.053
Repayment of other long-term debt		4.000	0
Raising of loans from credit institutions		4.475	2.693
Raising of other long-term debt		4.000	2.000
Cash capital increase		1.400	0
Other adjustments		-865	0
Cash flows from financing activities		13.010	4.693
Change in cash and cash equivalents		-511	-1.047
Cash and cash equivalents at 1 January		8.685	9.732
Cash and cash equivalents at 31 December		8.174	8.685
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8.174	8.685
Cash and cash equivalents at 31 December		8.174	8.685

# Notes to the Financial Statements

## 1. Capital resources

As mentioned in note 2 the Company has refinanced its debt financing with a new term facility in April 2023. The Company today has sufficient operating liquidity and have secured additional growth capital if needed, through potential increase in credit lines”.

## 2. Subsequent events

In May 2023 the company has refinanced its debt financing with a new term facility, which runs to 2029. With the new financing in place the company has the financial resources in place to execute on the growth strategy for 2023 and 2024.

## 3. Staff expenses

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	49.446	52.243	36.822	28.753
Pensions	4.142	4.334	4.142	3.949
Other social security expenses	326	0	326	0
Other staff expenses	89	59	89	14
	54.003	56.636	41.379	32.716
Including remuneration to the Executive Board and Board of Directors of:				
- Executive Board	4.946	5.552	4.946	5.552
- Supervisory Board	493	711	493	711
	5.439	6.263	5.439	6.263
Average number of employees	125	116	66	35

To read about the Company's incentive programme, please see the description under the statement of changes in equity.

Management's Statement	<div>4. Depreciation, amortisation, and impairment of intangible assets and property, plant, and equipment</div> <div>Amortisation of intangible assets</div> <div>Depreciation of property, plant, and equipment</div>	Group		Parent	
Management’s Review		2022	2021	2022	2021
Company Information		TDKK	TDKK	TDKK	TDKK
Independent Auditor’s Report		14.278	11.508	10.540	8.090
Chairman’s Statement		1.320	945	875	582
Letter from our CEO	<div>5. Financial income</div> <div>Other financial income</div> <div>Exchange adjustments</div>	15.598	12.453	11.415	8.672
Our Business Model		Group		Parent	
The Principles that Guide Us		2022	2021	2022	2021
Performance Highlights		TDKK	TDKK	TDKK	TDKK
How Auditdata Creates Value		6	0	6	0
Our Strategic Aspiration and Growth Platform	<div>6. Financial expenses</div> <div>Other financial expenses</div>	1.146	1.805	1.018	817
Environment & Market		1.152	1.805	1.024	817
Geographic Markets		Group		Parent	
Product Areas		2022	2021	2022	2021
Clinical & Commercial Excellence		TDKK	TDKK	TDKK	TDKK
Financial Highlights	<div>7. Tax on profit/loss for the year</div> <div>Current tax for the year</div> <div>Deferred tax for the year</div> <div>Adjustment of deferred tax concerning previous years</div>	2.988	2.546	2.967	520
Financial Statements		2.988	2.546	2.967	520
Notes to the Financial Statements		Group		Parent	
Board of Directors/ Executive Management		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
		-2.956	-2.299	-3.179	-2.796
		3.750	2.412	3.750	2.116
		74	-296	74	0
		868	-183	645	-680

8. Intangible assets

Group	Completed development projects	Customer relations	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	96.074	4.808	1.140	41.237	14.690
Exchange adjustment	-203	0	0	-240	0
Additions for the year	16.834	0	0	0	9.776
Transfers for the year	14.690	0	0	0	-14.690
<b>Cost at 31 December</b>	<b>127.395</b>	<b>4.808</b>	<b>1.140</b>	<b>40.997</b>	<b>9.776</b>
Impairment losses and amortisation at 1 January	69.683	2.156	285	29.889	0
Exchange adjustment	-156	0	0	-60	0
Amortisation for the year	12.025	481	228	1.542	0
Impairment losses and amortisation at 31 December	81.552	2.637	513	31.371	0
<b>Carrying amount at 31 December</b>	<b>45.843</b>	<b>2.171</b>	<b>627</b>	<b>9.626</b>	<b>9.776</b>

The development projects completed by the Company concern the development of various types of software and instruments for hearing tests and office management systems. The developed projects are today part of the Company’s product portfolio and sold in the present market to existing customers.

The development projects in progress concern the development of new types of software and hardware within all of our categories. The projects are proceeding as planned and are expected to be completed within 1 to 2 years. The projects are progressing according to plan. The new products are expected to be sold to the Company’s existing customers through migration from older versions, which has end-of-life, as well as to new customers and in new markets .

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8. Intangible assets (continued)

Parent	Completed development projects	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	83.958	1.140	17.926	14.690
Additions for the year	16.834	0	0	9.776
Transfers for the year	14.690	0	0	-14.690
Cost at 31 December	115.482	1.140	17.926	9.776
Impairment losses and amortisation at 1 January	64.370	285	17.926	0
Amortisation for the year	10.312	228	0	0
Impairment losses and amortisation at 31 December	74.682	513	17.926	0
Carrying amount at 31 December	40.800	627	0	9.776

9. Property, plant, and equipment

Group	Other fixtures and fittings, tools, and equipment
	TDKK
Cost at 1 January	9.151
Exchange adjustment	-305
Additions for the year	1.427
Cost at 31 December	10.273

9. Property, plant, and equipment (continued)

Group	Other fixtures and fittings, tools, and equipment
	TDKK
Impairment losses and amortisation at 1 January	5.791
Exchange adjustment	-184
Depreciation for the year	1.318
Impairment losses and amortisation at 31 December	6.925
Carrying amount at 31 December	3.348
Parent	
	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	5.662
Additions for the year	501
Cost at 31 December	6.163
Impairment losses and depreciation at 1 January	3.261
Depreciation for the year	875
Impairment losses and depreciation at 31 December	4.136
Carrying amount at 31 December	2.027

10. Investments in subsidiaries

Cost at 1 January

Cost at 31 December

Value adjustments at 1 January

Exchange adjustment

Net profit/loss for the year

Amortisation of goodwill

**Value adjustments at 31 December**

Equity investments with negative net asset value amortised over receivables

Equity investments with negative net asset value transferred to provisions

**Carrying amount at 31 December**

Remaining positive difference included in the above carrying amount at 31 December

Investments in subsidiaries are specified as follows:

Parent

2022

2021

TDKK

TDKK

25.809

25.809

25.809

25.809

-27.587

-23.653

-312

-878

-4.330

-1.683

-1.471

-1.373

**-33.700**

**-27.587**

23.481

19.867

426

0

**16.016**

**18.089**

7.969

9.440

11. Other fixed asset investments		Group	Parent
		Deposits	Deposits
		TDKK	TDKK
Cost at 1 January		468	468
Additions for the year		19	19
Cost at 31 December		487	487
Carrying amount at 31 December		487	487

12. Prepayments	
Prepayments consist of prepaid expenses concerning rent, insurance premiums, etc.	

13. Distribution of profit		Parent	
		2022	2021
		TDKK	TDKK
Retained earnings		1.895	-2.385
		1.895	-2.385

14. Provision for deferred tax		Group		Parent	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January		4.541	2.119	4.541	2.080
Amounts recognised in the income statement for the year		3.750	2.412	3.750	2.116
Amounts recognised in equity for the year		0	10	0	345
Provision for deferred tax at 31 December		8.291	4.541	8.291	4.541

15. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Payables to owners and management				
Between 1 and 5 years	29.000	29.000	29.000	29.000
Long-term part	29.000	29.000	29.000	29.000
Other short-term debt to owners and management	4.000	0	4.000	0
	33.000	29.000	33.000	29.000
Other payables				
Between 1 and 5 years	268	2.620	268	2.620
Long-term part	268	2.620	268	2.620
Other short-term payables	5.522	9.368	5.071	6.151
	5.790	11.988	5.339	8.771

16. Deferred income

Deferred income excist of payments related to income the following year.

17. Cash flow statement - adjustments

Financial income

Financial expenses

Depreciation, amortisation, and impairment losses, including losses and gains on sales

Tax on profit/loss for the year

Group

2022

2021

TDKK

TDKK

-1.152

-1.805

2.988

2.546

15.598

12.848

868

-183

18.302

13.406

18. Cash flow statement - change in working capital

Change in inventories

Change in receivables

Change in trade payables, etc

Fair value adjustments of hedging instruments

Group

2022

2021

TDKK

TDKK

-576

-109

-8.075

807

2.296

4.155

0

44

-6.355

4.897

19. Contingent assets, liabilities, and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group		Parent	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
A company charge totalling TDKK 15.000 serving as a charge in intangible assets and property, plant, and equipment, as well as inventories and trade receivables at a total carrying amount of	77.719	59.542	77.719	59.542

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	13	29	13	29
	13	29	13	29

Rental obligations, non-cancellable period until 30 April 2024

	2.728	2.658	2.681	2.595
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Other contingent liabilities

The parent company has provided surety for Jyske Bank's balances with the subsidiaries Auditdata Ltd. and Auditdata North America Inc.

The Group’s Danish enterprises are jointly and severally liable for tax on the jointly taxed income, etc., of the Group. The total amount of corporation tax due for the jointly taxed companies constitutes TDKK 0. Moreover, the Danish jointly taxed group enterprises are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group’s liability.

20. Related parties

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. Transactions with related parties take place on an arm’s length basis and consist of the purchase of development services, the sale of products, software, etc. for resale, etc.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

21. Accounting Policies

The Annual Report of Auditdata A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses, and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Auditdata A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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

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

21. Accounting Policies (continued)

Business combinations

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Translation policies

Danish krone is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

21. Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

21. Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the **Danish Financial Statements Act**, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation, and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant, and equipment.

21. Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant, and equipment.

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

*Development projects, patents, and licences*

Costs of development projects comprise salaries directly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

21. Accounting Policies (continued)

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalized development costs related to software consists of development of existing software applications. The recognized amount is expected to be recovered by the continuing sales of service subscriptions which include the right to upgrade of the software to the newest versions.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 - 5 years.

Goodwill

Goodwill are measured at cost less accumulated depreciation. Goodwill is amortised on a straight-line basis over the estimated useful life of 5 - 10 years.

Customer relations are measured at cost less accumulated depreciation. Customer relations is amortised on a straight-line basis over the estimated useful life of 5 - 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment - **3 - 5 years.**

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

21. Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item **“Investments in subsidiaries”** in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price. The cost of goods for resale, raw materials, and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildingsm and equipment used in the manufacturing process as well as costs of factory administration and management.

21. Accounting Policies (continued)

<b>Receivables</b>	Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value which corresponds to nominal value less provisions for bad debts.
<b>Prepayments</b>	Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions, and interest.
<b>Equity</b>	
<i>Dividend</i>	Dividend distribution proposed by Management for the year is disclosed as a separate equity item.
<b>Provisions</b>	Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.
<b>Deferred tax assets and liabilities</b>	Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.
	Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.
	Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.
<b>Current tax receivables and liabilities</b>	Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

## 21. Accounting Policies (continued)

### Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

21. Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	<div><div>Profit before financials x 100</div><div>Total assets</div></div>
Solvency ratio	<div><div>Equity at year end x 100</div><div>Total assets at year end</div></div>
Return on equity	<div><div>Net profit for the year x 100</div><div>Average equity</div></div>

# Board of Directors



**Lars Rahbæk  
Boilesen**  
(Chairman)



**Claus Bak  
Petersen**



**Lars Christian  
Lunde**



**Morten Grube  
Weicher**

# Executive Management



**Kurt Bager**  
Chief Executive Officer



**Martin Connie Pinborg**  
Chief Financial Officer



**Christoffer Spangenberg**  
Chief Commercial Officer



**Kent Madsen**  
Chief Technology Officer

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