

Annual REPORT 2021



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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 2021. 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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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 2022

Executive Board

Kurt Groth Bager	CEO
Sara Espelund Hansen	Executive Officer

Board of Directors

Lars Rahbæk Boilesen	Chairman
Morten Grube Weicher	
Mads Bjerre Andersen	
Claus Bak Petersen	
Peter Lerbrandt	
Erik Röser Dibbern	

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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 hearing aid industry.

Market overview

Auditdata distributes its products globally through direct and indirect channels.

Development in the year

The 2021 market rose again to close to normal market conditions after a 2020 heavily impacted by the Covid pandemic. The uncertainty of visiting an audiology clinic, especially for the older generation, now seems to be over. This has led to more normal activity, with clinic owners again investing in equipment and software for running their clinics.

The positive development has thus 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 2021 shows a profit before depreciation and amortisation of TDKK 10.626. The Group's balance sheet shows equity of TDKK 10.864.

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

The results for the year are considered satisfactory under the given circumstances.

Capital resources

The Group has received commitments for a renewal of loans that's 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.

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Research and development

To support the expected growth, we expect 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. In 2021, we complemented a comprehensive management programme for the Company's middle management, which lasted more than nine months.

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 2021 to 31 December 2021.

Unusual events

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

Subsequent events

The Company has a development department in Ukraine, where war broke out in 2022, following an invasion by Russia. Auditdata has assisted the Ukrainian employees and their families in reaching safety. Some have managed to escape the country; others have made it to safety elsewhere in Ukraine. Productivity has been high throughout the process, and, for that reason, there have been no delays in customer deliveries. The Company's address in Kiev remains the same, and Management is continuously assessing the situation.

The matter is a non-adjusting event.

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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
Mads Bjerre Andersen
Peter Lerbrandt
Morten Grube Weicher
Claus Bak Petersen
Erik Röser Dibbern

Executive Board

Kurt Groth Bager
Sara Espelund Hansen

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 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cashflows for the financial year 1 January - 31 December 2021 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 2021, 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.

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.

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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 either 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 the appropriateness of accounting policies used and the 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, 31 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen

statsautoriseret revisor

mne33226

Martin Lunden

statsautoriseret revisor

mne33209

Chairman's Statement

Personally, I'm pleased to join Auditdata as the company's Chairman. I want to sincerely thank former Chairman Frode Haugli for his years of wise guidance, helping us build, grow, and innovate.

When looking at the numbers and the performance highlights, I am proud to say that 2021 was Auditdata's strongest year yet:

- ✓ **Our revenue went up.**
- ✓ **We won a record number of new customers.**
- ✓ **Secured our first major global contract with the fastest growing optical and audiology retailer, Specsavers.**
- ✓ **We expanded our team. And though we worked remotely, we were able to maintain our innovative and collaborative culture.**
- ✓ **We invested heavily into Manage, our core product area.**
- ✓ **Furthermore, our Measure instrument business grew organically by more than 25%.**
- ✓ **Most importantly, we continued providing exceptional value for our customers.**

Haugli expertly led us through an incredibly challenging year in 2020 due to the COVID-19 pandemic and related disruptions, advising us to leverage strategic opportunities so we could expand our market position in 2021.

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

Respectfully,

Lars Rahbæk Boilesen



For years, Auditdata team has been building the organization, structure, and products. In 2021, we delivered exceptional, unique software solutions and experienced record-setting growth. We expanded to new geographic areas, onboarded an unprecedented number of new customers, and grew our talented team.



Letter from our CEO

2021 has been a game-changing year, with steady growth in both topline and recurrent revenue. Especially, we are proud to report that we grew our Recurrent Revenue by 31% from 2020 to 2021. We secured record numbers of new audiology clients in both the retail and hospital. Our team worked tirelessly to combine and integrate our product lines to bring more stable, solid versions of our software to market.

It's in our DNA to put our customers first. After listening to what our customers want and need, we've delivered the most comprehensive, intuitive, innovative software solutions to make their lives easier and drive better outcomes. We're providing tremendous value to our growing roster of customers and getting overwhelmingly positive feedback from them about our solutions, approach, and support.

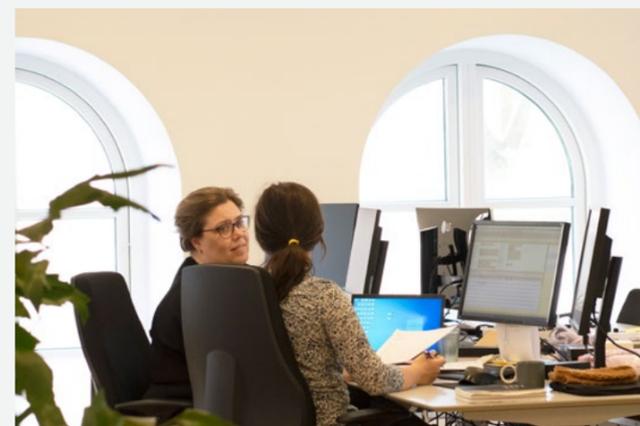
I'm proud of many things from 2021:

- ✓ **We've had exceptionally high staff engagement with intelligent, passionate people working at all levels of our company.**
- ✓ **Our very low churn rate demonstrates an attractive workplace with an appealing company culture.**
- ✓ **Positive customer feedback and high survey scores reinforce that we provide high-value solutions.**
- ✓ **WSA rated us highly as a supplier.**
- ✓ **We won the global Specsavers account.**

And these collective wins mean that we've successfully elevated Auditdata from a regional company to a truly international player. Throughout our journey, we've never strayed from our guiding principles. We remain committed to innovation and data, exceptional customer care, creating value, providing transparency, and helping ensure clinical and business excellence across audiology businesses and clinics worldwide. After such a game-changing year, I cannot wait to see what great things are in store for Auditdata in 2022 and beyond.

Respectfully,

Kurt Bager

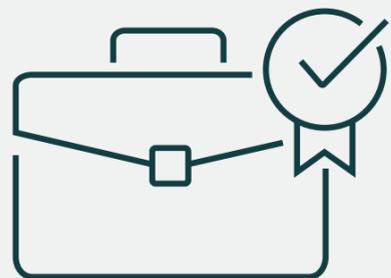


In our post-COVID normal, we adjusted how (and where) we work, moving our headquarters to a beautiful location in downtown Copenhagen. Auditdata's new, modern office is a welcoming space where our employees can work, meet, and collaborate when they're not working from home.

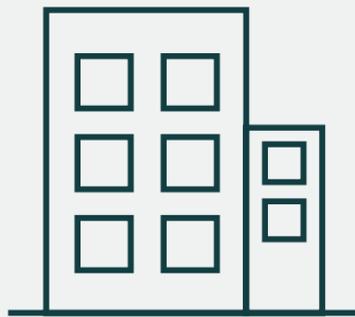
Auditdata at-a-glance



99 New customers in 2021



30 Years of experience



6 Locations



100 DKKM revenue



63 DKKM recurring revenue - growth of 31%



116 Employees



57 Employees in research and development

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 shop 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 customers, meet their needs better, improve clinical care and run a more efficient business operation.

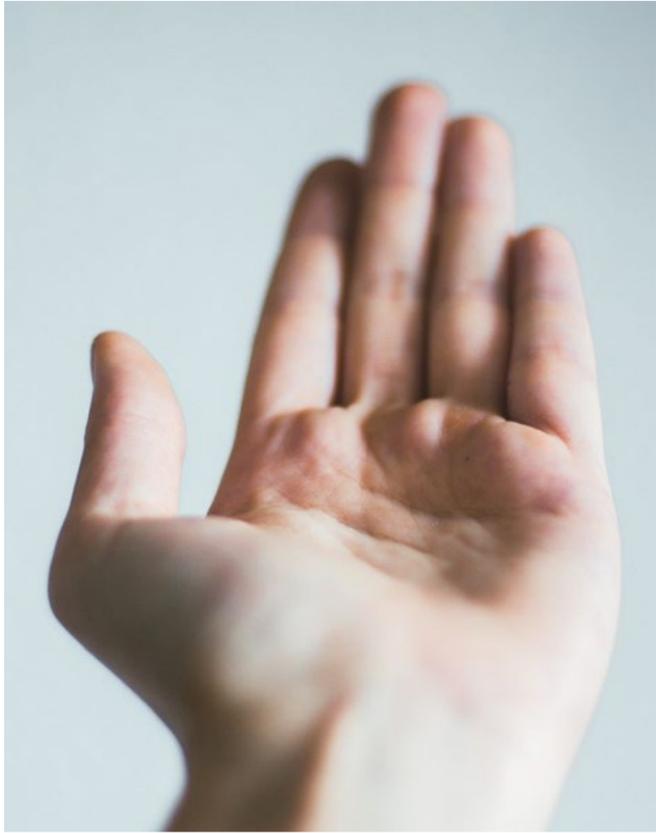
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The Principles that Guide Us



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 customers' 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.

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Performance Highlights

Auditdata had its best year ever in 2021, as many things that we have been working towards have materialized.

● Manage platform

Our team built a truly futureproof Manage platform, and we've become an important global player in the audiology space.

● 100 DKKM in revenue

We earned a record 100 DKKM in revenue, secured double-digit new hospital customers, and experienced unprecedented growth in clinical instrument sales.

● 99 new customers

We won a record-setting 99 new retail customers and signed a global sales deal with one of the biggest optical chains in the world.

● Subscription model

We also experienced a positive business transformation, switching to a recurring subscription-based model.

● Flexible work environment

We moved offices and offered a completely flexible environment where employees could work and collaborate from home (or anywhere) amid the ongoing COVID-19 pandemic.

● Innovative company culture

We celebrated and recognized our talented employees and embraced a positive, collaborative, innovative company culture.

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How Auditdata Creates Value

30 years
of experience

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 customers' requests and provide what they need to make their days more accessible and efficient. Retail customers use our solutions to collect, access, and understand data to drive business value, high-quality care, profits, and customer satisfaction.

Our hospital and retail customers 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

It's important to note that Auditdata is the only company that provides clinical and business data, a significant differentiator for us, and a tremendous value proposition for our customers.

And we have the very best people working here. Auditdata employees are intelligent, innovative, attentive, and ambitious. They've proven that they can work independently and collaboratively. Our leadership team has purposefully created a flat structure where our people are empowered to make decisions, and they make us proud every day. Our work momentum and focus increased in 2021, even amid COVID.

Auditdata employees consistently demonstrate exceptional work ethics, teamwork, and loyalty, supporting each other through good times (including new product launches, record-breaking sales, and positive customer feedback) and bad (an ongoing global pandemic).

In 2021, we transformed our core system, which was a huge endeavor. Our people on the frontlines were challenged, as this initiative demanded significant time, effort, teamwork, and ingenuity. The team rose to the occasion and exceeded our expectations, as they always do.



Our Strategic Aspiration and Growth Platform

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

We will, as always, help our customers 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 customers 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 customers (and their customers and patients).



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Environment & Market

Auditdata continues to focus on its ESG strategy. Our efforts span environmental efforts, corporate governance, and health and safety policies, and the risks and opportunities associated with each.

As part of our efforts, we are:

1. **Reducing our carbon footprint by implementing energy-saving efforts.**
2. **Implementing energy efficiency initiatives in our offices.**
3. **Increasing sustainability in our supply chain.**
4. **Focusing on diversity, equity, and inclusion efforts, including increasing diversity on our Board of Directors.**
5. **Maintaining a diversity and equal opportunity policy, hiring diverse employees in terms of gender, age, religion, race, sexual orientation, socioeconomic background, etc.**
6. **Focusing on employee working conditions, well-being, fair pay, retention, and attraction.**
7. **Increasing transparency around corporate reporting.**
8. **Reviewing and reassessing our ESG policies regularly.**
9. **Documenting, monitoring, and reporting on our governance, risk, and compliance strategy.**

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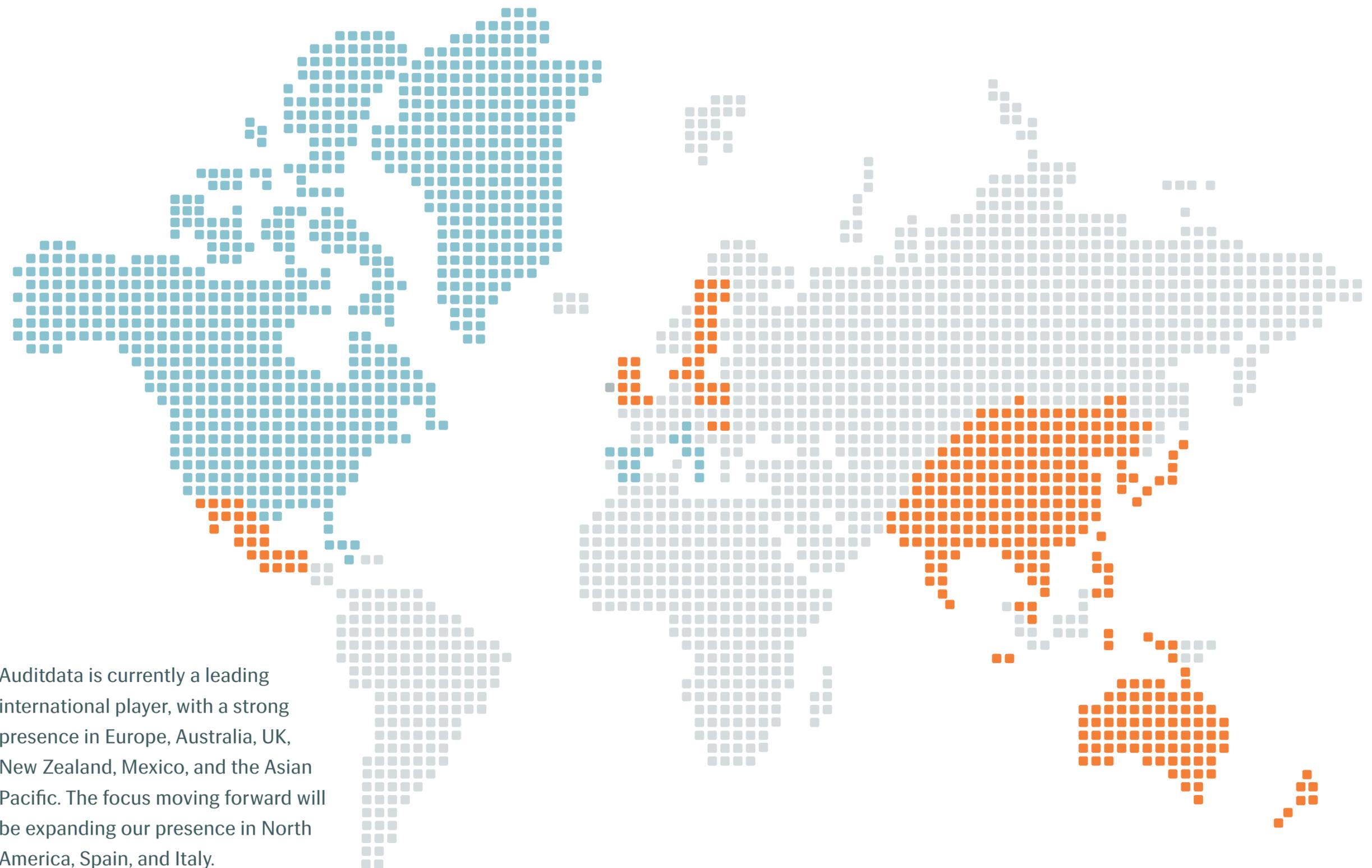
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■ Current markets ■ Expanding markets

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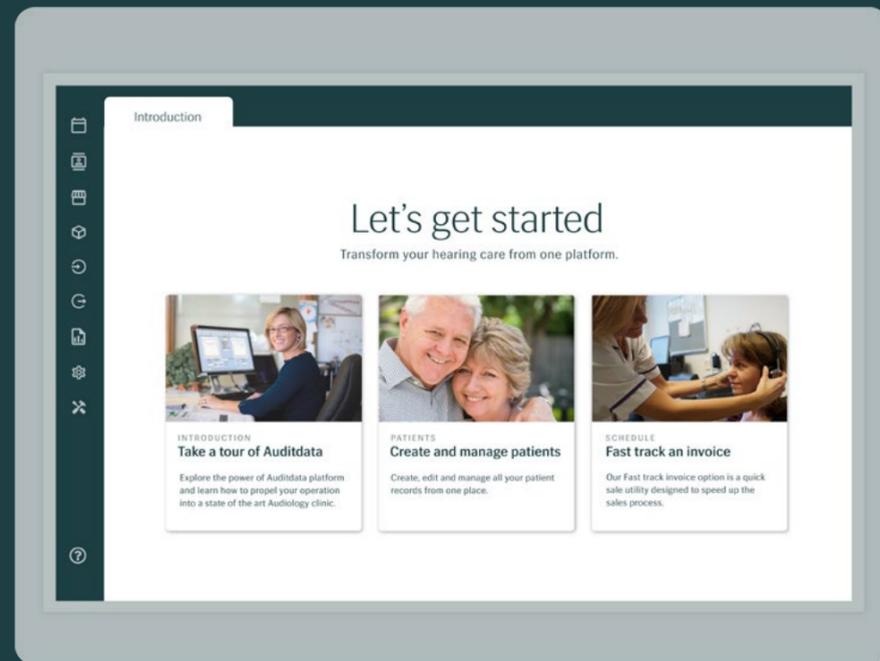
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This is how we help our customers

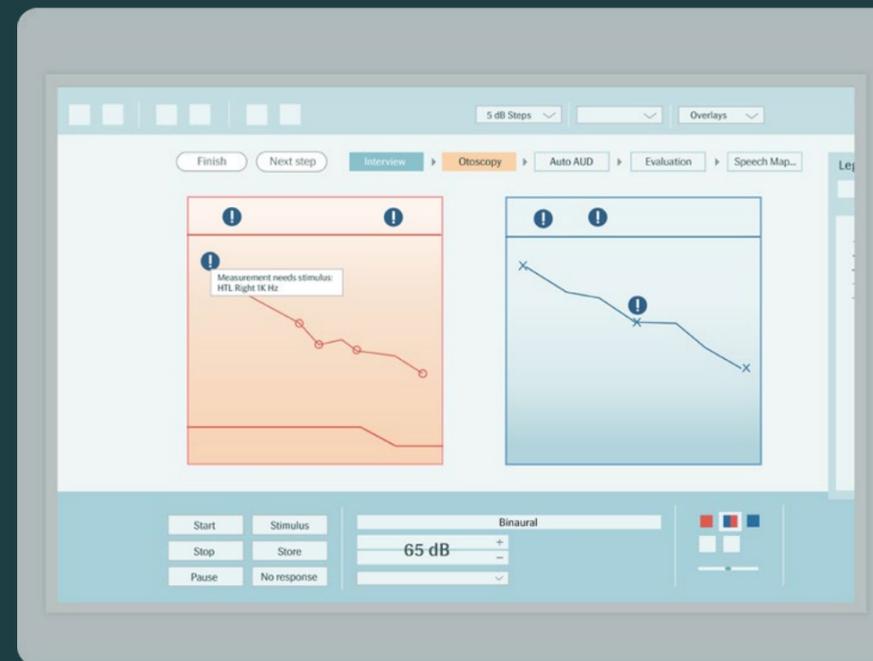
Auditdata is an end-to-end leader, delivering solutions for the hearing care industry. We offer exceptional software solutions, better integrations, and more flexibility, giving our customers comprehensive data and insights to improve clinical and business outcomes.

“ Auditdata helps audiology shops and clinics connect the 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.

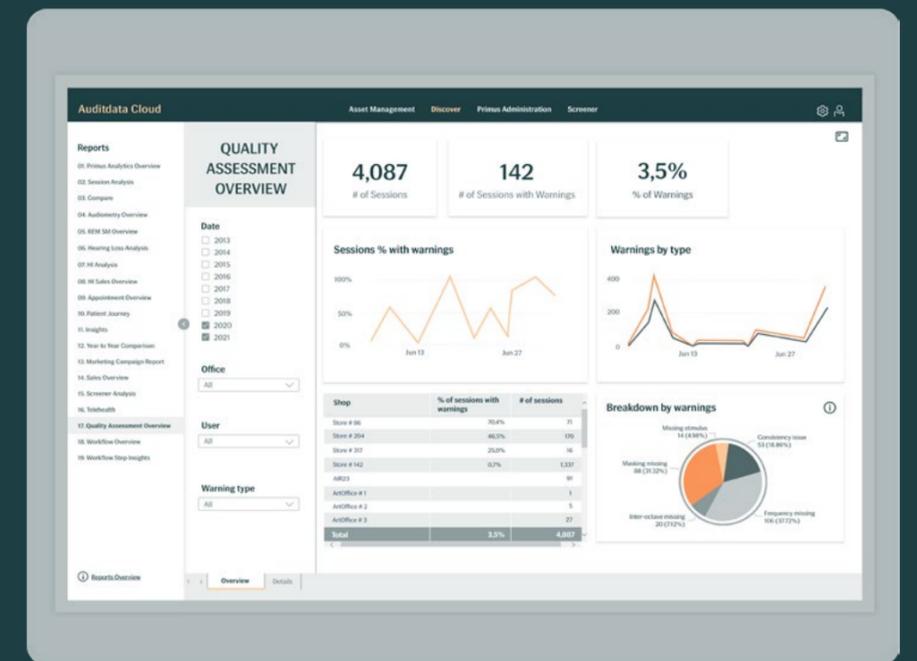
Christoffer Spangenberg, Auditdata CCO



Auditdata Manage



Auditdata Measure



Auditdata Discover

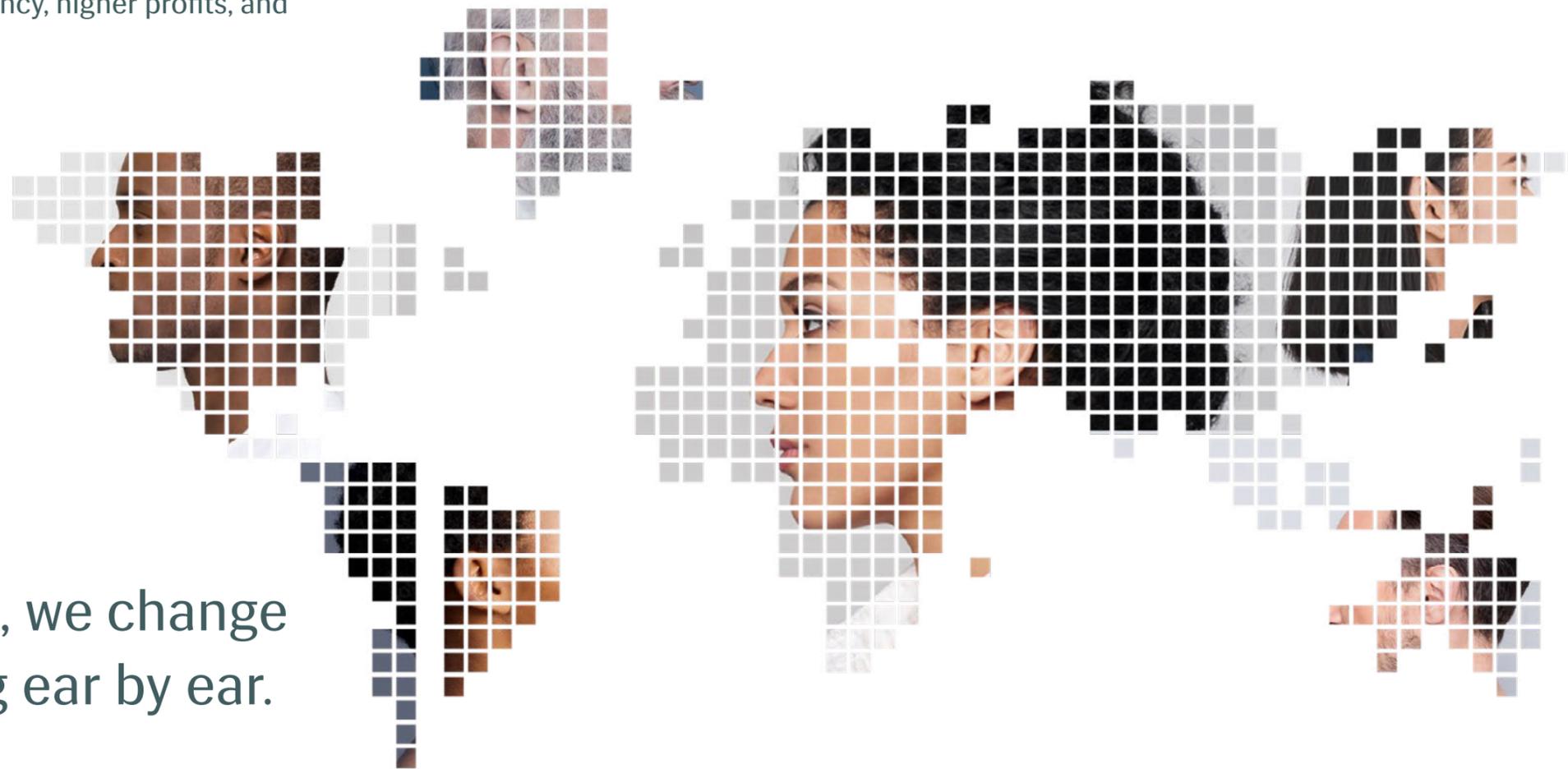
Clinical & Commercial Excellence

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, customer satisfaction, buy rates, and lead generation because we're tracking data across the entire customer journey.

Suppose a hearing shop 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 shop needs to improve the fitting or testing processes. Or maybe it indicates that the shop must do more training and onboarding with customers during hearing aid trials. The data allows shops 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 customers.

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



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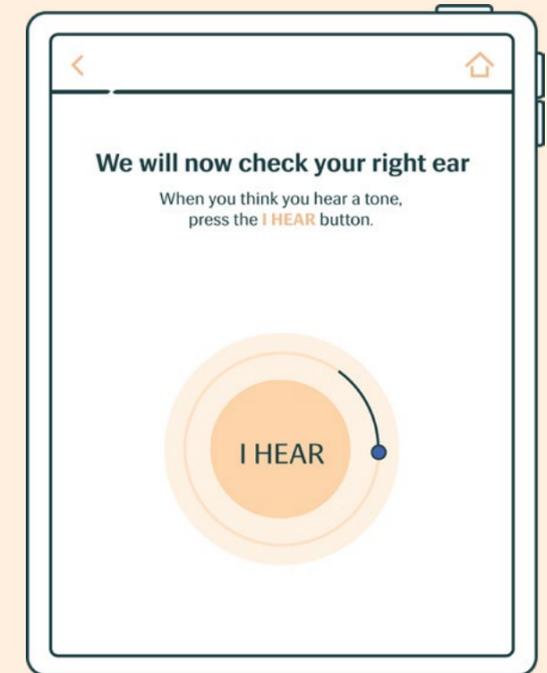
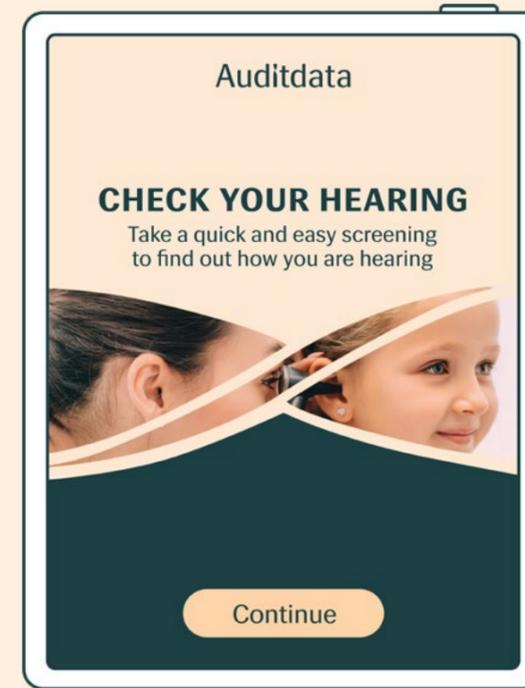
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AUDITDATA ENGAGE

Auditdata Engage, a user-friendly, tablet-based hearing test, is a cost-effective lead generator to help audiology retail businesses grow and thrive. This innovative, accurate screening tool is easy to use and portable so that 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 can also help hearing care businesses pre-qualify leads for hearing loss, forecast appointments, and promote good hearing health.

Engage is fast, intuitive, and easy to use, automatically sending customer test results via email. By offering a simple screening solution – often available without an appointment – shops 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 system 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 system, track key performance indicators, and amplify marketing and communication efforts, allowing her to focus more time, energy, and attention on her customers.

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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.

Consistent clinical workflows and best practice testing processes help retail and hospital audiology staff deliver exceptional service to all customers/patients. Measure provides more control over testing to ensure the best possible performance and the highest quality testing processes.



Measure nudges HCPs to offer the highest clinical quality during every examination. This innovative tool also provides valuable audits that track progress and confirm compliance, drilling down to specific locations and clinicians to make ongoing improvements as needed.



"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 shops and employees. No matter which hearing center a customer 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



Hambleton Hearing Ltd

"I couldn't 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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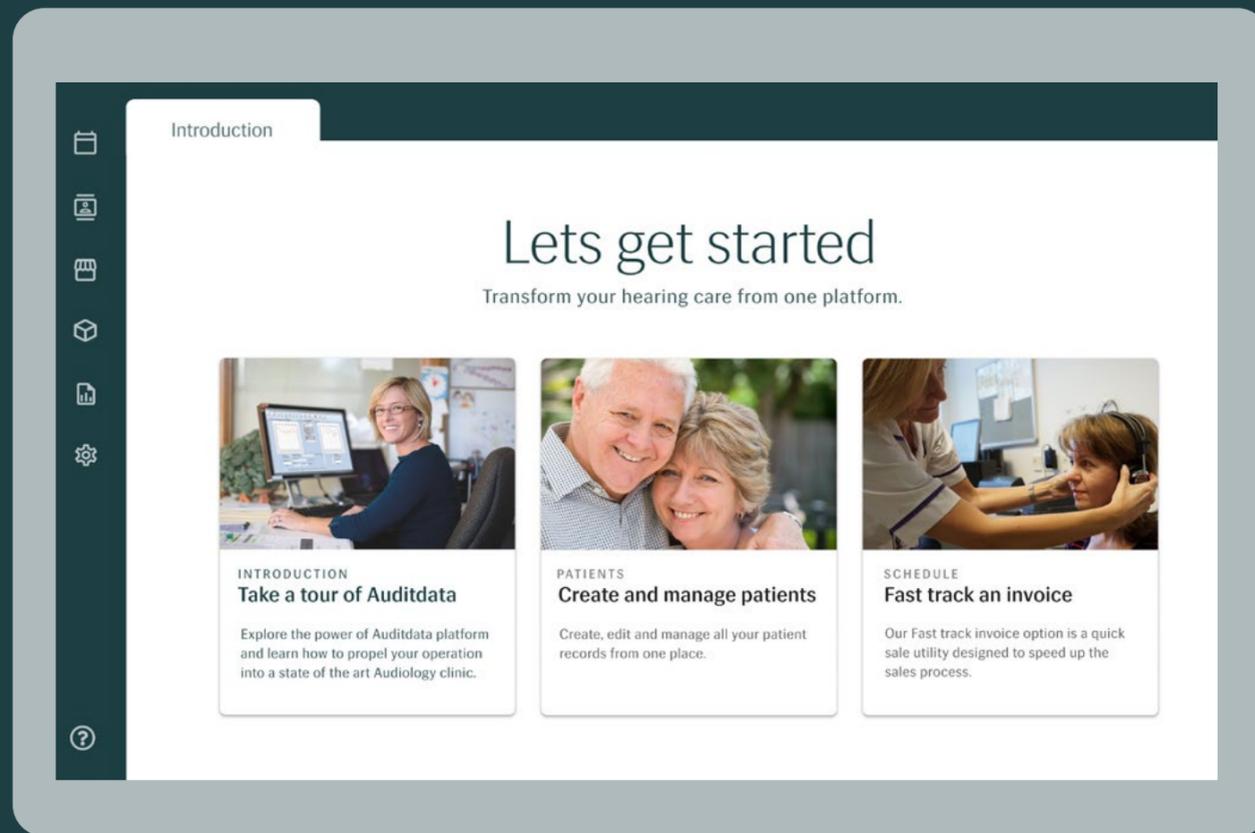
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AUDITDATA MANAGE

Auditdata Manage is a data-driven, cloud-based practice management system for audiology clinics. It provides the best possible platform to manage business operations, marketing, and clinical tasks while offering complete visibility of the data necessary to make smarter, more strategic decisions. Auditdata Manage is different – and better – than other audiology systems in the marketplace today. This innovative solution

- ✓ **Seamlessly integrates screenings, scheduling, inventory, reporting, and more.**
- ✓ **Uniquely offers local support across all global time zones, including reimbursement support for various countries' differing requirements.**
- ✓ **Is available in multiple languages and integrates seamlessly with NOAH.**
- ✓ **Makes tasks and workflows easier, more efficient, and more accurate, helping hearing care professionals provide best-in-class service and care for their customers.**



Global
Hearing Aid Clinic

"When it comes to a practice management system, 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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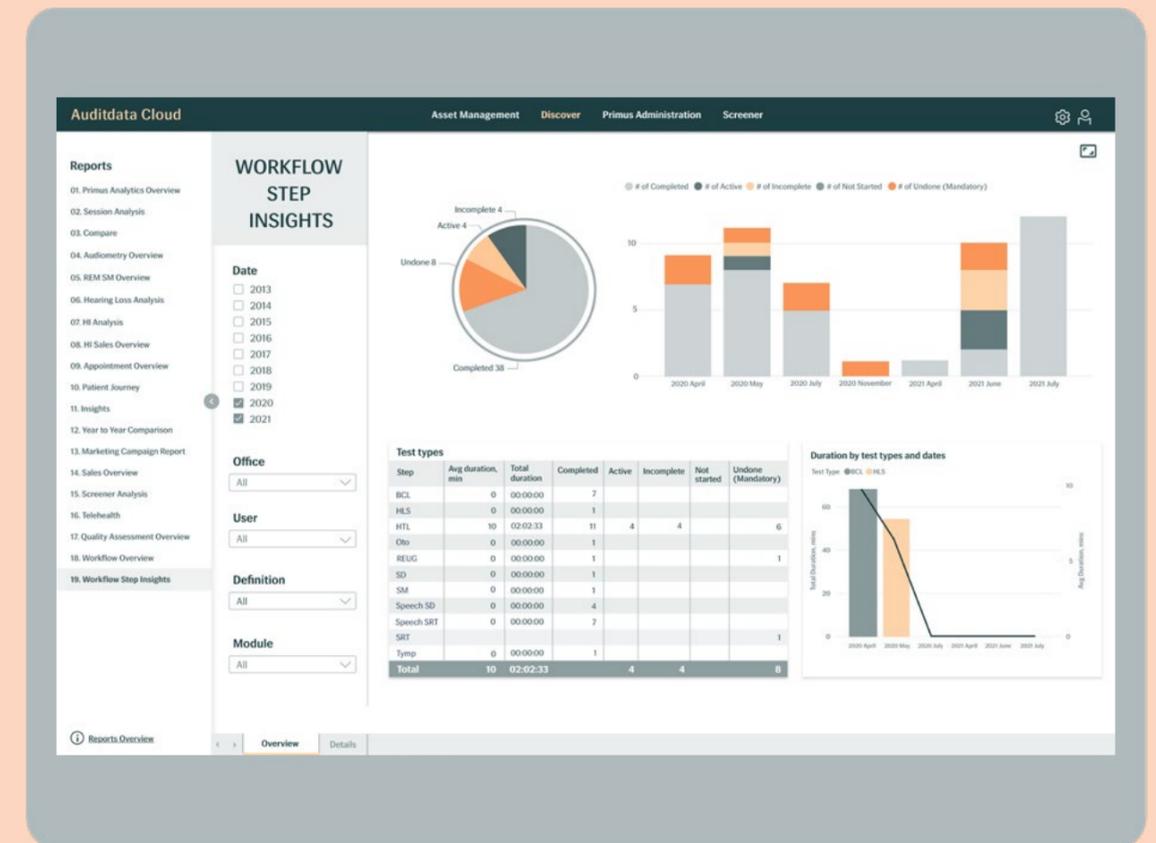
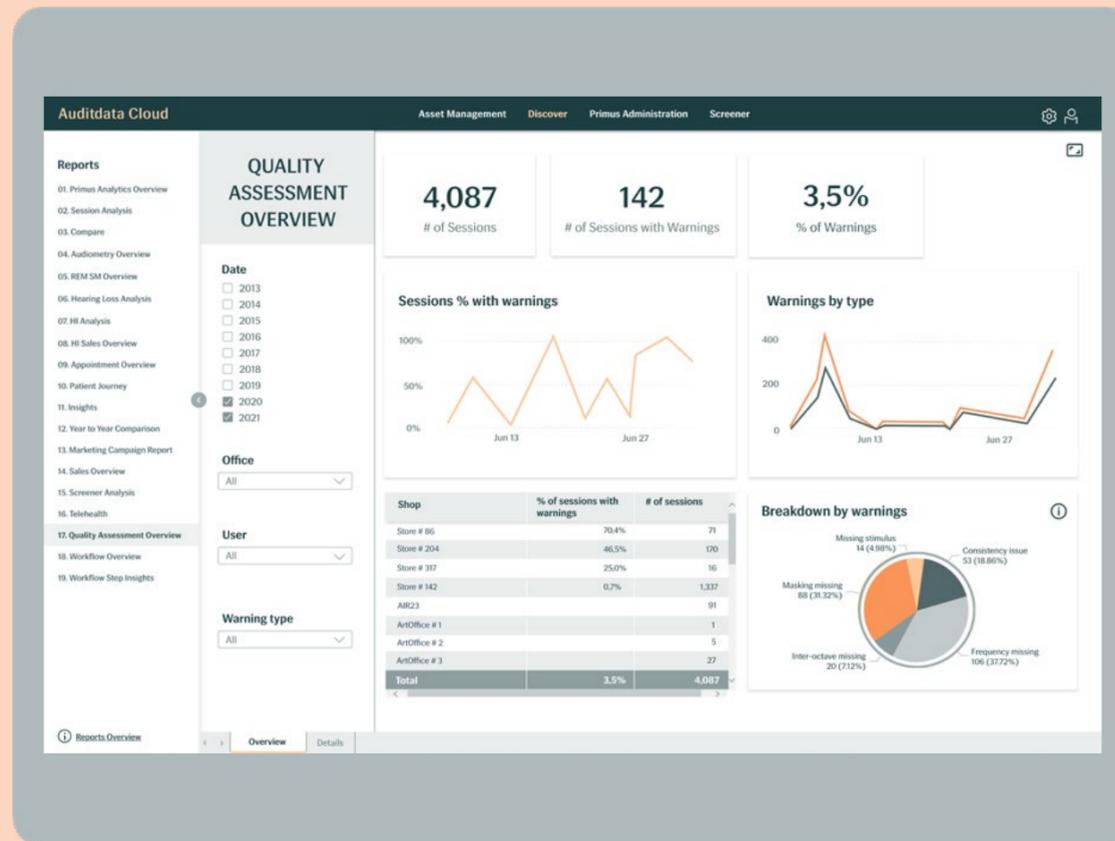
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AUDITDATA DISCOVER

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 shops, staff, and clients.



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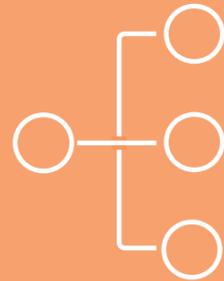
AUDITBASE

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 system 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

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Result before depreciations	10.626	17.158	11.932	13.707	9.762
Operating profit/loss	-1.827	4.900	3.196	4.781	4.509
Profit/loss before financial income and expenses	-1.827	6.613	3.196	4.781	4.509
Net financials	-741	-5.024	-2.458	-1.365	-2.852
Net profit/loss for the year	-2.385	1.378	36	2.098	489
Balance sheet					
Balance sheet total	107.253	99.644	89.636	77.948	66.490
Equity	10.864	14.093	6.791	8.154	9.054
Cash flows					
Cash flows from:					
- operating activities	14.313	16.755	13.167	7.788	-1.981
- investing activities	-20.053	-17.014	-22.655	-12.352	-12.690
including investment in property, plant, and equipment	-2.036	-1.083	-2.524	-524	-482
- financing activities	4.693	6.253	7.430	4.428	9.295
Change in cash and cash equivalents for the year	-1.047	5.994	-2.058	-136	-5.376
Number of employees	116	98	89	82	79
Ratios					
Return on assets	-1,7%	6,6%	3,6%	6,1%	6,8%
Solvency ratio	10,1%	14,1%	7,6%	10,5%	13,6%
Return on equity	-19,1%	13,2%	0,5%	24,4%	6,1%
Annual recurring revenue (ARR)	63,000	48,000	42,500	38,000	-
Annual recurring revenue (ARR) growth	31%	13%	12%	-	-

In connection with changes to accounting policies, the comparative figures back to 2017 haven't been restated. See the description under accounting policies.

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Income Statement 1 January - 31 December

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		67.262	63.964	41.082	41.009
Staff expenses	3	-56.636	-46.806	-32.716	-26.939
Result before depreciations		10.626	17.158	8.366	14.070
Depreciation, amortisation, and impairment of intangible assets and property, plant and equipment	4	-12.453	-10.545	-8.672	-7.356
Profit/loss before financial income and expenses	5	-1.827	6.613	-306	6.714
Income from investments in subsidiaries		0	0	-3.056	-824
Financial income	6	1.805	441	817	172
Financial expenses	7	-2.546	-5.465	-520	-5.013
Profit/loss before tax		-2.568	1.589	-3.065	1.049
Tax on profit/loss for the year	8	183	-211	680	329
Net profit/loss for the year		-2.385	1.378	-2.385	1.378

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Balance Sheet 31 December

/Assets

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Completed development projects		26.391	20.641	19.587	16.003
Customer relations		2.652	3.133	0	0
Acquired other similar rights		855	1.075	855	1.075
Goodwill		11.348	12.501	0	0
Development projects in progress		14.690	11.447	14.690	11.447
Intangible assets	9	55.936	48.797	35.132	28.525
Other fixtures and fittings, tools, and equipment		3.360	2.526	2.400	1.364
Property, plant and equipment	10	3.360	2.526	2.400	1.364
Investments in subsidiaries	11	0	0	18.089	18.122
Deposits	12	469	425	469	425
Fixed asset investments		469	425	18.558	18.547
Fixed assets		59.765	51.748	56.090	48.436
Inventories		2.605	2.496	1.588	1.377
Trade receivables		30.539	26.909	20.422	18.772
Receivables from group enterprises		0	0	10.619	5.385
Other receivables	13	6	5.801	0	5.719
Corporation tax		2.827	1.491	2.796	1.491
Prepayments	14	2.826	1.467	992	577
Receivables		36.198	35.668	34.829	31.944
Cash at bank and in hand		8.685	9.732	4.679	4.768
Currents assets		47.488	47.896	41.096	38.089
Assets		107.253	99.644	97.186	86.525

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Balance Sheet 31 December

/Liabilities and equity

	Note	Group		Parent	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Share capital		1.505	1.504	1.504	1.504
Reserve for development costs		0	0	26.737	21.411
Reserve for hedging transactions		0	0	0	-34
Reserve for exchange rate conversion		0	0	-877	0
Retained earnings		9.359	12.589	-16.501	-8.788
Equity		10.864	14.093	10.863	14.093
Provision for deferred tax	16	4.541	2.119	4.541	2.080
Provisions		4.541	2.119	4.541	2.080
Payables to owners and management		29.000	27.000	29.000	27.000
Other payables		2.620	1.791	2.620	1.791
Long-term debt	17	31.620	28.791	31.620	28.791
Credit institutions		23.276	20.581	23.276	20.581
Trade payables		5.949	4.035	7.136	3.925
Payables to group enterprises		0	0	1.083	753
Corporation tax		0	435	0	0
Other payables	17,18	9.368	9.362	6.151	4.824
Deferred income	19	21.635	20.228	12.516	11.478
Short-term debt		60.228	54.641	50.162	41.561
Debt		91.848	83.432	81.782	70.352
Liabilities and equity		107.253	99.644	97.186	86.525
Capital resources	1				
Subsequent events	2				
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	22				
Related parties	23				
Accounting policies	24				

Statement of Changes in Equity

Group	Share capital	Reserve for development cost	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total amount
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.505	0	0	0	12.587	14.092
Exchange adjustment relating to foreign entities	0	0	0	0	-877	-877
Fair value adjustment of hedging instruments, beginning of the year						
Tax on adjustment of hedging instruments for the year	-203	0	0	0	-10	-10
Net profit/loss for the year	0	0	0	0	-2.385	-2.385
Equity at 31 December	1.505	0	0	0	9.359	10.864

Parent	Share capital	Reserve for development cost	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total amount
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.504	21.411	-34	0	-8.790	14.091
Exchange adjustment relating to foreign entities	0	0	0	-877	0	-877
Fair value adjustment of hedging instruments, beginning of the year						
Tax on adjustment of hedging instruments for the year	0	0	-10	0	-10	-10
Development costs for the year	0	11.458	0	0	-11.458	0
Depreciation, amortisation and impairment for the year	0	-6.132	0	0	6.132	0
Net profit/loss for the year	0	0	0	0	-2.385	-2.385
Equity at 31 December	1.504	26.737	0	-877	-16.501	10.863

The Company issues warrants to its employees entitling them to subscribe for B shares in the Company. 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	
		2021 TDKK	2020 TDKK
Net profit/loss for the year		-2.385	1.378
Adjustments	20	13.406	15.779
Change in working capital	21	4.897	2.590
Cash flows from operating activities before financial income and expenses		15.918	19.747
Financial income		115	441
Financial expenses		-2.546	-3.747
Cash flows from ordinary activities		13.487	16.441
Corporation tax paid		826	314
Cash flows from operating activities		14.313	16.755
Purchase of intangible assets		-17.973	-15.931
Purchase of property, plant, and equipment		-2.036	-1.083
Fixed asset investments made, etc		-44	0
Cash flows from investing activities		-20.053	-17.014
Repayment of other long-term debt		0	-4.000
Raising of loans from credit institutions		2.693	5.933
Raising of other long-term debt		2.000	0
Cash capital increase		0	4.320
Cash flows from financing activities		4.693	6.253
Change in cash and cash equivalents		-1.047	5.994
Cash and cash equivalents at 1 January		9.732	3.738
Cash and cash equivalents at 31 December		8.685	9.732
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8.685	9.732
Cash and cash equivalents at 31 December		8.685	9.732

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1. Capital resources

The Group has received commitments for a renewal of loans granted by the Company's owners, and similarly the Company has received commitments from its bank to extend its credit, which is why the capital resources are considered to be adequate for the following financial year.

2. Subsequent events

The Company has a development department in Ukraine, where war broke out in 2022, following an invasion by Russia. Auditdata has assisted the Ukrainian employees and their families in reaching safety. Some have managed to escape the country; others have made it to safety elsewhere in Ukraine. Productivity has been high throughout the process, and, for that reason, there have been no delays in customer deliveries. The Company's address in Kiev remains the same, and Management is continuously assessing the situation.

The matter is a non-adjusting event.

3. Staff expenses

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	52.243	42.556	28.753	23.311
Pensions	4.334	3.967	3.949	3.614
Other staff expenses	59	283	14	14
	56.636	46.806	32.716	26.939
Including remuneration to the Executive Board and Board of Directors of:				
- Executive Board	5.552	4.136	5.552	4.136
- Supervisory Board	711	530	711	530
	6.263	4.666	6.263	4.666
Average number of employees	116	98	35	31

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

4. Depreciation, amortisation, and impairment of intangible assets and property, plant and equipment

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	52.243	42.556	28.753	23.311
Depreciation of property, plant and equipment	4.334	3.967	3.949	3.614
	12.453	10.545	8.672	7.356

5. Special items

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Compensation, Covid-19	0	2.781	0	1.713
	0	2.781	0	1.713

6. Financial income

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Exchange adjustments	1.805	441	817	172
	1.805	441	817	172

7. Financial expenses

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Other financial expenses	2.546	2.510	520	2.169
Exchange adjustments, expenses	0	2.955	0	2.844
	2.546	5.465	520	5.013

8. Tax on profit/loss for the year

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	2.546	2.510	520	2.169
Deferred tax for the year	0	2.955	0	2.844
	2.546	5.465	520	5.013

9. 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	80.958	4.808	1.132	40.878	11.447
Exchange adjustment	589	0	0	359	0
Additions for the year	3.283	0	8	0	14.690
Disposals for the year	-203	0	0	0	0
Transfers for the year	11.447	0	0	0	-11.447
Cost at 31 December	96.074	4.808	1.140	41.237	14.690
Impairment losses and amortisation at 1 January	60.317	1.675	57	28.375	0
Exchange adjustment	228	0	0	55	0
Amortisation for the year	9.341	481	228	1.459	0
Reversal of amortisation of disposals for the year	-203	0	0	0	0
Impairment losses and amortisation at 31 December	69.683	2.156	285	29.889	0
Carrying amount at 31 December	26.391	2.652	855	11.348	14.690

The development projects completed by the Company concern the development of various types of software and instruments for hearing tests. The developed projects are today part of the Company's product portfolio and sold in the present market to existing customers. Focus is also on selling in new markets and to new customer groups.

The development projects in progress concern the development of new types of software and instruments for hearing tests. The projects are proceeding as planned and are expected to be completed within 1-3 years. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The new products are expected to be sold in the present market to the Company's existing customers.

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9. Intangible assets (continued)

Parent	Completed development projects	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	72.713	1.132	17.926	11.447
Additions for the year	0	8	0	14.690
Disposals for the year	-203	0	0	0
Transfers for the year	11.447	0	0	-11.447
Cost at 31 December	83.957	1.140	17.926	14.690
Impairment losses and amortisation at 1 January	56.711	57	17.926	0
Amortisation for the year	7.862	228	0	0
Reversal of amortisation of disposals for the year	-203	0	0	0
Impairment losses and amortisation at 31 December	64.370	285	17.926	0
Carrying amount at 31 December	19.587	855	0	14.690

10. Property, plant, and equipment

Group	Other fixtures and fittings, tools, and equipment	
	TDKK	
Cost at 1 January	7.378	
Exchange adjustment	315	
Additions for the year	2.037	
Disposals for the year	-579	
Cost at 31 December	9.151	

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10. Property, plant, and equipment (continued)

Group	Other fixtures and fittings, tools, and equipment
	TDKK
Impairment losses and amortisation at 1 January	4.851
Exchange adjustment	178
Depreciation for the year	945
Reversal of impairment and depreciation of sold assets	-183
Impairment losses and amortisation at 31 December	5.791
Carrying amount at 31 December	3.360
Parent	
	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	4.045
Additions for the year	1.617
Cost at 31 December	5.662
Impairment losses and depreciation at 1 January	2.681
Depreciation for the year	581
Impairment losses and depreciation at 31 December	3.262
Carrying amount at 31 December	2.400

11. Investments in subsidiaries

	Parent	
	2021	2020
	TDKK	TDKK
Cost at 1 January	25.809	25.809
Cost at 31 December	25.809	25.809
Value adjustments at 1 January	-23.653	-23.694
Exchange adjustment	-878	864
Net profit/loss for the year	-1.683	549
Amortisation of goodwill	-1.373	-1.372
Value adjustments at 31 December	-27.587	-23.653
Equity investments with negative net asset value amortised over receivables	19.867	15.966
Carrying amount at 31 December	18.089	18.122
Remaining positive difference included in the above carrying amount at 31 December	9.440	10.813

Investments in subsidiaries are specified as follows:

Name of office	Place of registered office	Share capital	Votes and ownership
	TDKK	TDKK	TDKK
Benoto ApS	Copenhagen	TDKK 125	100%
Auditdata Ukraine TOV	Ukraine	TUAH 4.721	100%
Auditdata North America Inc.	Pensylvania, USA	TUSD 0	100%
Auditdata Ltd.	Middlesex, England	TGBP 25	100%
Auditdata LLC.	Pensylvania, USA	TUSD 1.894	100%
Simply Hearing Software Inc.	Ontario, Canada	TCAD 21	100%

12. Other fixed asset investments

Cost at 1 January

Additions for the year

Cost at 31 December

Carrying amount at 31 December

	Group	Parent
	Deposits	Deposits
	TDKK	TDKK
	425	425
	44	44
	469	469
	469	469

13. Other receivables

Other receivables consists of VAT, etc.

14. Prepayments

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

15. Distribution of profit

Retained earnings

	Parent	
	2021	2020
	TDKK	TDKK
	-2.385	1.378
	-2.385	1.378

16. Provision for deferred tax

Provision for deferred tax at 1 January

Amounts recognised in the income statement for the year

Amounts recognised in equity for the year

Provision for deferred tax at 31 December

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
	2.119	709	2.080	709
	2.412	1.201	2.116	1.162
	10	209	345	209
	4.541	2.119	4.541	2.080

17. 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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Payables to owners and management				
Between 1 and 5 years	29.000	27.000	29.000	27.000
Long-term part	29.000	27.000	29.000	27.000
Within 1 year	0	0	0	0
	29.000	27.000	29.000	27.000
Other payables				
Between 1 and 5 years	2.620	1.791	2.620	1.791
Long-term part	2.620	1.791	2.620	1.791
Other short-term payables	9.368	9.362	6.151	4.824
	11.988	11.153	8.771	6.615

18. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded.

At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Liabilities	0	44	0	44

19. Deferred income

Deferred income consists of received payments related to income for next year.

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20. 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	
2021	2020
TDKK	TDKK
-1.805	-441
2.546	5.465
12.848	10.544
-183	211
13.406	15.779

21. 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	
2021	2020
TDKK	TDKK
-109	-37
807	2.372
4.155	-694
44	949
4.897	2.590

22. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group		Parent	
	2021	2020	2021	2020
	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 operating equipment at a total carrying amount of	70.630	61.567	70.630	61.567

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	29	37	29	37
	29	37	29	37
Rental obligations, non-cancellable period until 30 April 2024	2.658	971	2.595	275

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.

23. 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.

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24. Accounting Policies

The Annual Report of Auditdata A/S for 2021 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 2021 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.

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24. 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.

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24. 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.

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24. 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.

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24. 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.

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24. 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.

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24. 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 buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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24. Accounting Policies (continued)

Receivables

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions, and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

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.

Deferred tax assets and liabilities

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.

Current tax receivables and liabilities

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.

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24. 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.

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24. Accounting Policies (continued)

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Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Board of Directors



**Lars Rahbæk
Boilesen**
(Chairman)



**Mads Bjerre
Andersen**



**Peter
Lerbrandt**



**Claus Bak
Petersen**



**Erik
Dibbern**



**Morten
Weicher**

Executive Management



Kurt Bager
Chief Executive Officer



Sara Espelund Hansen
Chief Financial Officer



Christoffer Spangenberg
Chief Commercial Officer



Kent Madsen
Chief Technology Officer

Auditdata

+45 70 20 31 24 info@auditdata.com www.auditdata.com

