

# Interim report Q2 2022

April 1 – June 30

## “ **Maintaining revenue forecast, while adjusting EBITDA guidance due to changed market conditions** ”

### HIGHLIGHTS Q2 2022 COMPARED TO Q2 2021

- Revenue growth of 20 per cent on a constant currency basis
- Recognized revenue increased by 31 per cent to DKK 10.04M (Q2 2021: DKK 7.65M)
- Gross profit on a constant currency basis increased by 14 per cent at a gross margin of 69 per cent
- Consumer connections of 538M, up 30 per cent
- RPM remained constant at DKK 5.7, up 1 per cent
- Adjusted 2022 EBITDA guidance from negative DKK 22-32M, to negative DKK 32-42M due to changed market conditions - revenue guidance for 2022 remains unchanged
- Evaluating financing options related to debt and equity of in the range of DKK 40-50M with expected conclusion in Q3 22
- Multi-year marketing and affiliate agreement signed with Amazon Music in April

### WEBCAST AND REPORT MATERIAL

Linkfire hosts an interim report webcast for investors and media on August 25, 2022 at 10.00 AM CEST. The report is presented by Lars Ettrup, Co-founder & CEO and Tobias Demuth, CFO.

The presentation for the webcast can be downloaded 30 minutes before the webcast starts and a recording of the event will be available after the webcast. The Q&A session is moderated through a chat function, which can be accessed via the webcast link below.

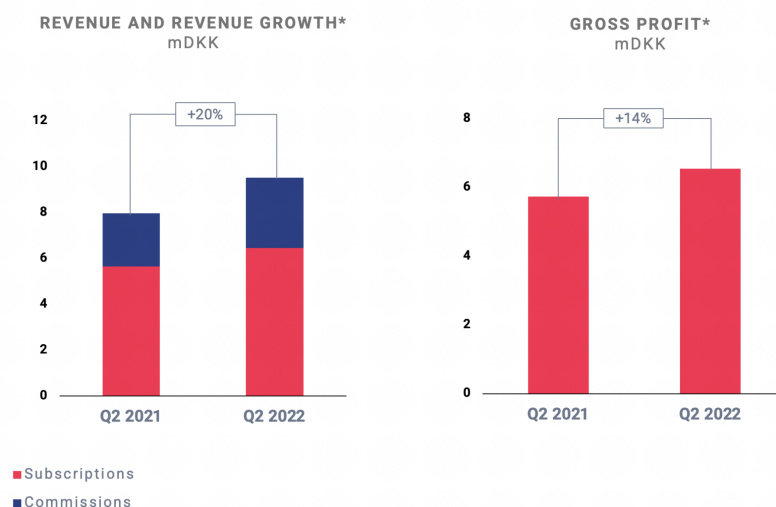
Link to webcast: <https://tv.streamfabriken.com/linkfire-q2-2022/>  
Link to report material: [bio.to/LINKFI\\_IR](https://bio.to/LINKFI_IR)

### About Linkfire - Empowering Entertainment Discovery Everywhere

Linkfire makes entertainment marketing easy. We optimize impact, drive streams, increase ticket sales and recommend audio content to billions of fans and listeners on a global scale. Our SaaS marketing platform transformed music marketing and we are now building a global recommendation network for audio entertainment discovery to connect even more fans and listeners to the content they love. Linkfire's customers and partners include most artists on Billboard's annual HOT 100, all major music labels, global audio and music streaming services, social media apps and media publishers.

In 2021, Linkfire enabled 1.6 billion consumer connections and the company's revenue amounted to DKK 34.5M, an annual growth of 42 per cent. Co-founded in 2014 and headquartered in Copenhagen, Linkfire today employs a global workforce and also has offices in New York and Los Angeles. Linkfire's share (LINKFI) is listed on Nasdaq's First North Premier Growth Market in Stockholm. Learn more at [www.linkfire.com](http://www.linkfire.com) or follow @Linkfire on LinkedIn and @getlinkfire on Twitter and Instagram.

## Q2 in review



\* Figures are on a constant currency basis

- Revenue on a constant currency basis increased by 20 per cent to DKK 9.53M (Q2 2021: DKK 7.96M).
- Recognized revenue increased by 31 per cent to DKK 10.04M (Q2 2021: DKK 7.65M).
- Shift in traffic commission partnership caused a temporary negative revenue effect in Q2, which has been restored entering Q3.
- The gross profit on a constant currency basis increased by 14 per cent to DKK 6.55M (Q2 2021: DKK 5.73M) at a gross margin of 69 per cent (Q2 2021: 72 per cent).
- During the quarter the focus was on further solidifying the business, including cost reduction measures to streamline the organization.
- Consumer connections increased by 30 per cent to 538M (Q2 2021: 413M) and was positively impacted by the expected positive development in partner traffic.
- RPM increased by 1 per cent to DKK 5.70 (Q2 2021: DKK 5.62) impacted by the deal transfer as described above.
- Adjusted 2022 EBITDA guidance from negative DKK 22-32M, to negative DKK 32-42M due to changed market conditions. Revenue guidance for 2022 remains unchanged.
- Evaluating financing options related to debt and equity in the range of DKK 40-50M with expected conclusion in Q3 22.

## First half year in review

- Recognized revenue increased by 41 per cent to DKK 21.27M (YTD 2021: DKK 15.06M).
- Revenue on a constant currency basis increased by 33 per cent to DKK 20.76M (YTD 2021: DKK 15.61M).
- The gross profit on a constant currency basis increased by 29 per cent to DKK 14.59M (YTD 2021: DKK 11.32M) at a gross margin of 70 per cent (YTD 2021: 72 per cent).
- Focus during the first half year was on completing the smartURL integration, implementing the Amazon Music agreement and further solidifying the business, including cost reduction measures to streamline the organization
- Consumer connections increased by 33 per cent to 1,020M (YTD 2021: 767M) and was positively impacted by the expected positive development in partner traffic.
- RPM grew by 21% per cent to DKK 7.50 (YTD 2021: DKK 6.20) driven by the highest ever quarterly RPM in Q1 22.

# Financial highlights and key figures

|   | Q2 2022     | Q2 2021     | 2022 YTD      | 2021 YTD    | FY 2021       |
|---|-------------|-------------|---------------|-------------|---------------|
| <b>Key Metrics</b>  |             |             |               |             |               |
| Consumer connections (Traffic)  | 538,415,999 | 412,881,839 | 1,019,702,497 | 767,099,300 | 1,603,957,986 |
| <i>y/y Growth</i>   | 30%         | 4%          | 33%           | 12%         | 9%            |
| Revenue, on constant currency basis (kDKK)  | 9,525       | 7,964       | 20,755        | 15,610      | 34,521        |
| <i>Revenue Growth</i>   | 20%         | 52%         | 33%           | 54%         | 42%           |
| Organic Revenue Growth  | 20%         | 52%         | 33%           | 54%         | 42%           |
| Subscription Revenue, on constant currency basis (kDKK)                               | 6,455       | 5,643       | 13,104        | 10,854      | 22,853        |
| <i>y/y Growth</i>   | 14%         | 23%         | 21%           | 23%         | 22%           |
| Commission Revenue, on constant currency basis (kDKK)                                 | 3,071       | 2,322       | 7,652         | 4,746       | 11,667        |
| <i>y/y Growth</i>   | 32%         | 250%        | 61%           | 253%        | 108%          |
| Commission Revenue per Mille (RPM)*,<br>on constant currency basis (DKK)              | 5.70        | 5.62        | 7.50          | 6.19        | 7.27          |
| <i>y/y Growth</i>   | 1%          | 236%        | 21%           | 215%        | 92%           |
| Gross Margin, on constant currency basis  | 69%         | 72%         | 70%           | 72%         | 72%           |
| * Commission Revenue per thousand consumer connections                                |             |             |               |             |               |
| <b>Financial ratios</b>   |             |             |               |             |               |
| Operating profit before interest,<br>depreciation & amortizations (EBITDA) margin (%) | (157)%      | (125)%      | (133)%        | (77)%       | (91)%         |
| Operating profit margin (EBIT) (%)  | (194)%      | (151)%      | (167)%        | (103)%      | (117)%        |

## Financial guidance for 2022 (published in August, replaces guidance published in April)

For the financial year 2022, Linkfire expects its revenue to be in the range of DKK 50-60M, corresponding to a yearly growth of 48-78%, and its EBITDA to be in the range of negative DKK 32-42M (previously DKK22-32M).

Having invested into growth initiatives with longer return profiles than the current market conditions allow, we have decided as a response to streamline the organization to focus on shorter-term value generating initiatives.

The result of this is the main reason for adjusting our EBITDA guidance. Reversely, the initiatives that remain are proven and have shown faster than expected return, providing confidence in our revenue guidance and allowing us to focus on fewer initiatives that will return upside faster.

In order to achieve our guidance, performance on the following key drivers is required:

- Continued strong RPM performance
- Traffic growth and expansion of the discovery network
- Continued product innovation and development
- Continued inflow of new subscription customers and ability to upsell to existing customers

In 2022, Linkfire expects continued investments into reaching its mid-term growth target in accordance with the announced growth strategy in the IPO prospectus. Possible deviations from the guided range depend on investments into new strategic opportunities supporting our announced growth strategy.

## Maintaining annual revenue expectations, adjusting EBITDA guidance and evaluating financing options related to debt and equity

Our revenue performance during the first half year has overall been as expected and the underlying metrics, such as growth in consumer connections, show promising development. The change in Linkfire's EBITDA guidance for this year is mainly an effect of withdrawing selected new business initiatives with an expected long-term return profile due to changing market conditions. We are proud to continue to deliver on our strategy with an even more streamlined and focused organization.

Furthermore, as we transitioned to a new major traffic commission agreement, we saw a delay in product implementation and roll-out, resulting in a temporary negative monetization effect on traffic commission in the quarter. Entering Q3, the revenue level has been restored and continues the expected positive revenue trajectory.

### **Adapting to changing macroeconomics and focusing on fewer initiatives that will return upside faster**

Increasing inflation and rising interest rates have increased our focus on costs. We have decided to focus on the business initiatives generating value in the short term, while cutting back on initiatives generating value in the longer term. In Q2, we made the necessary changes to ensure that we can deliver on our plan to show EBITDA profitability for the full year 2023.

Our increased operational costs in Q1 were mainly related to increased staff costs to support current growth initiatives. We decided to streamline our organization by reorganizing and through staff reductions that represent 14 per cent of our total staff.

The staff reduction mainly affected our traffic partner team in Europe and the Ghana operations, which will now be handled from our headquarter in Copenhagen.

Going forward, our traffic partner team will be based in the US and our geographical expansion plan for Africa will be managed from Europe. Our expansion plan for Japan continues to be led out of our office in Los Angeles. I'm extending my warmest thank you to our colleagues for their passion, belief and efforts invested in Linkfire.

The financial effect of these actions is expected to reduce operating expenses by 10-15 percent in H2 2022 compared to H1 2022. All expected costs related to the staff reductions have been recorded in the second quarter.



**“ We maintain our revenue expectation for 2022 while adjusting our EBITDA guidance.**

**We laid a strong foundation for continued growth in the first half year of 2022 and as a result of the now more streamlined and focused organization performing well, I remain confident in our mid-term financial targets.**

Lars Ettrup, Co-founder and CEO

Our operations are currently financed through a combination of positive working capital effects, cash, and new credit facility. We are currently evaluating financing options to resume our growth strategy towards profitability next year. The solution could e.g. be debt financing, issuance of new shares, or a combination. We expect to update the market with expected conclusion in Q3 2022. Further information on this subject can be found in the *Risks and uncertainties* section of the management report.

### **Further cementing global market position**

In the second quarter of 2022, we took another major step in cementing our market position by signing a multi-year marketing and affiliate agreement with Amazon Music.

Increasing our traffic monetization is a strategic priority. Stronger affiliate collaborations enable the growth of our traffic commissions, as the majority of the consumer connections we enable still remain unmonetized.

After the temporary delay in Q2, we entered Q3 with a restored revenue level and continued on an expected positive revenue trajectory.

### **Completed integration of smartURL**

This acquisition brought along an impressive roster of clients and artists like Britney Spears, My Morning Jacket, H.E.R., and rock legends Toto. The increase in our consumer connections has been slightly lower than expected, but the monetization of the traffic has been higher than initially estimated. We will provide an overview of the full financial impact of the acquisition by the end of this year. Industry partnerships are key drivers for our growth, and the acquisition has also contributed to our ability to expand our industry footprint.

### **Market update**

Shifting consumer habits and demographics continue to be amplified by the global pandemic. This will fuel physical events and concerts to the benefit of the industry at large and expand opportunities for Linkfire. The expedited technological development in many areas across industries continues and the music and entertainment industries are no exception.

Music streaming has so far been exempted from the loss of subscribers that other entertainment streaming services have faced, but we continue to see changing

market shares and dynamics and a harder fight for subscribers than ever before. I'm extremely proud that our team has focused on building a market position and value proposition that enables consumers to reach these services.

The market for audio entertainment is growing continuously as listeners increasingly enjoy podcasts and audio books. We continue to monitor the market for a move into adjacent verticals such as this market.

### **Outlook**

Looking into the second half of 2022, our strategy remains unchanged and we continue to execute our plan to take us to our mid-term financial targets of 50-70% organic revenue CAGR and approximately 80% gross margin.

We laid a strong foundation for continued growth in the first half year of 2022 and as the now more streamlined and focused organization is performing well, I remain confident in our mid-term financial targets. Our revenue expectations for this year remain intact, while we have adjusted our EBITDA-guidance, mainly as an effect of having to withdraw some of the new business initiatives with an expected long-term upside due to changed market conditions.

We continue to optimize and develop the current and new offerings with the more focused organization. This work has now also resulted in faster sales cycles and improved product implementation cycles.

I continue to be excited about our journey ahead, especially because our streamlined team continues to further strengthen our market position. This will enable us to continue to grow and further improve our ability to monetize our consumer connections.

Right now our focus is on our business initiatives that generate shorter-term value and to secure financing to ensure our operations towards profitability.

**Lars Ettrup**  
CEO & Co-founder

# Management Report

## Financial Performance for the Quarter

### Revenue

Revenue increased by DKK 2,394 thousand, or 31 per cent, from DKK 7,645 thousand in the second quarter of 2021 to DKK 10,039 thousand in the same period of 2022. The fastest growing revenue line, Commissions, increased by DKK 1,124 thousand, or 48 per cent compared to Q2 2021, while Subscription revenue increased by DKK 1,270 thousand, or 24 per cent.

### Costs

Cost of sales increased by DKK 1,053 thousand, or 49 per cent, from DKK 2,128 thousand in Q2 of 2021 to DKK 3,181 thousand in the second quarter of 2022. The increase is centered around server and hosting costs, improved baseline and scalability as well as ensuring compliant and premium service delivery.

In the second quarter of 2022, external expenses increased by DKK 5,732 thousand, or 310 per cent, from DKK 1,852, thousand in the comparable period in 2021 to DKK 7,584 thousand. Other external expenses amounted to DKK 6,406 thousand in Q2 2021, but were eliminated in the same time period in 2022. The notable increase in expenses relate to increased staff globally as well as the continued employment of freelance staff supporting the hybrid remote model contributes to the increase compared to the same quarter last year. Costs related to being listed, along with continued market expansion compared to the second quarter of 2021 have brought up the baseline costs.

Staff costs increased by DKK 6,730 thousand, or 99 per cent, from DKK 6,830 thousand in the second quarter of 2021 to DKK 13,560 thousand in the same period of 2022. As a percentage of revenue, staff costs increased from 89 per cent to 135 per cent. During the second quarter of 2022, Linkfire made the necessary decisions to ensure that the company can deliver on the plan to show EBITDA profitability for the full year 2023. Linkfire streamlined its organization by reorganizing certain teams and this also includes staff reductions and terminations of freelance staff agreements. The financial effect of these actions is expected to reduce operating expenses by 10-15 percent in H2 2022 compared to H1 2022. All expected costs related to the staff reductions have been recorded in the second quarter.

### Earnings

Depreciation, amortization and impairment increased by DKK 1,692 thousand, or 86 per cent, from DKK 1,971 thousand in the second quarter of 2021 to DKK 3,663 thousand in the second quarter of 2022. This represents 37 per cent in relation to revenue.

Operating loss increased by DKK 7,931 thousand, or 69 per cent, from DKK 11,542 thousand in Q2 2021 to DKK 19,473 thousand in Q2 2022. This is an increase in relation to revenue from (151) per cent in Q2 2021 to (194) per cent in the second quarter of 2022.

### Net financial items

Financial income increased by DKK 189 thousand, or 45 per cent, from DKK 421 thousand in the second quarter of 2021 to DKK 610 thousand in the second quarter of 2022.

Financial expenses decreased by DKK 717 thousand, or 63 per cent, from DKK 1,145 thousand in the second quarter of 2021 to DKK 428 thousand in the second quarter of 2022.

### Income tax

The tax for the year, which comprises deferred tax recognised in the income statement, increased by DKK 34 thousand, or 3 per cent, from DKK 1,341 thousand in Q2 of 2021 to DKK 1,375 thousand in Q2 2022. Income tax benefits relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

## Net Profit/(loss)

Loss for the period increased by DKK 6,991 thousand, or 64 per cent, from DKK 10,924 thousand in Q2 of 2021 to DKK 17,925 thousand in Q2 of 2022. This represents a decrease in relation to revenue from (143) per cent in the second quarter of 2021 to (178) per cent in the second quarter of 2022.

## Cash flow and financing

Cash flow from operations for Q2 2022 was DKK (9,099 thousand) (Q2 2021: DKK (3,911 thousand)). Investment activities reduced cash flows with DKK 7,424 thousand Q2 2022 (Q2 2021: DKK 3,573 thousand). Cash flow from financing activities for Q2 2022 was DKK (685 thousand) (Q2 2021: DKK 110,673 thousand).

## Parent company

Linkfire A/S, Denmark, is the parent company of the Group, which consists of two further subsidiaries in the US and Portugal.

Q2 2022 Gross profit decreased to DKK (7,842 thousand) (Q2 2021: DKK 5,989 thousand).

Operating loss in Q2 2022 was DKK (19,766 thousand) (Q2 2021: DKK (11,651 thousand)). Loss after tax was DKK (18,109 thousand) (Q2 2021: DKK (10,996 thousand)).

Total equity amounted to DKK (59,693 thousand) by June 30, 2022 (2021: DKK 100,882 thousand).

## Financial performance first half year

### Revenue

Revenue increased by DKK 6,208 thousand, or 41 per cent, from DKK 15,062 thousand in the first half of 2021 to DKK 21,270 thousand in the same period of 2022. The fastest growing revenue line, Commissions, increased by DKK 3,398 thousand, or 72 per cent compared to the first half of 2021, while Subscription revenue increased by DKK 2,810 thousand, or 27 per cent.

### Costs

Cost of sales increased by DKK 2,244 thousand, or 55 per cent, from DKK 4,104 thousand in the first of 2021 to DKK 6,348 thousand in the same period in 2022. The increase is centered around server and hosting costs, improved baseline and scalability as well as ensuring compliant and premium service delivery.

In the first half of 2022, external expenses increased by DKK 10,726 thousand, or 268 per cent, from DKK 4,006 thousand in the comparable period in 2021 to DKK 14,732 thousand. Other external expenses amounted to DKK 6,406 thousand the first half of 2021, but were eliminated in the same time period in 2022.

Staff costs increased by DKK 13,830 thousand, or 106 per cent, from DKK 13,073 thousand in the first half of 2021 to DKK 26,903 thousand in the same period of 2022. As a percentage of revenue, staff costs increased from 87 per cent to 127 per cent.

During the second quarter of 2022, Linkfire made the necessary decisions to ensure that the company can deliver on the plan to show EBITDA profitability for the full year 2023. For further information, see the heading *Costs* under *Financial performance first the quarter*.

### Earnings

Depreciation, amortization and impairment increased by DKK 3,348 thousand, or 85 per cent, from DKK 3,939 thousand in the first half of 2021 to DKK 7,287 thousand in the first half of 2022. This represents 34 per cent in relation to revenue.

Operating loss increased by DKK 19,937 thousand, or 128 per cent, from DKK 15,588 thousand in the first half of 2021 to DKK 35,525 thousand in the first half of 2022. This is an increase in relation to revenue from (103) percent in the first half of 2021 to (167) per cent in the first half of 2022.



## Net financial items

Financial income increased by DKK 60 thousand, or 9 per cent, from DKK 666 thousand in the first half of 2021 to DKK 726 thousand in the first half of 2022.

Financial expenses decreased by DKK 1,418 thousand, or 59 per cent, from DKK 2,385 thousand in the first half of 2021 to DKK 967 thousand in the first half of 2022.

## Income tax

The tax for the year, which comprises deferred tax recognised in the income statement, increased by DKK 149 thousand, or 6 per cent, from DKK 2,601 thousand in the first half of 2021 to DKK 2,750 thousand in the first half of 2022. Income tax benefits relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

## Net Profit/(loss)

Loss for the period increased by DKK 18,460 thousand, or 107 per cent, from DKK 17,307 thousand in the first half of 2021 to DKK 35,767 thousand in the first half of 2022. This represents a decrease in relation to revenue from (115) per cent in the first half of 2021 to (168) per cent in the first half of 2022.

## Cash flow and financing

Cash flow from operations for the first half of 2022 was DKK (23,837 thousand) (first half of 2021: DKK 1,669 thousand). Investment activities reduced cash flows with DKK 12,687 thousand in the first half of 2022 (first half of 2021: DKK 7,208 thousand). Cash flow from financing activities for the first half of 2022 was DKK (5,342) thousand (first half of 2021: DKK 115,469 thousand).

## Parent company

Linkfire A/S, Denmark, is the parent company of the Group, which consists of two further subsidiaries in the US and Portugal.

During the first half of 2022 Gross profit decreased to DKK (12,714 thousand) (2021: DKK (5,771 thousand)).

Operating loss in the first half of 2022 was DKK (35,879 thousand) (2021: DKK (16,614 thousand)). Loss after tax was DKK (35,892 thousand) (2021: DKK (18,258 thousand)).

Total equity amounted to DKK (59,693 thousand) by June 30, 2022 (2021: DKK 100,882 thousand)

## Risks and uncertainties

Linkfire is exposed to various risks, both operational and financial. Operational risks mainly comprise industry risk, commission revenue risk, data partnership risk, subscription revenue risk and management, management and key employee risk, privacy regulation risk and risks related to taxation. Financial risks mainly comprise capital management risk, credit risk, foreign currency risk and liquidity risk.

For more information on the above risks and uncertainties related to Linkfire's operating environment and operations, please see Linkfire's Annual report for 2021.

## Going concern

Linkfire is in the process of securing necessary financing in the range of DKK40-50M to ensure its operations towards profitability. The financing may be conducted in one or more steps, and the company's management is engaging in financing dialogues related to both debt and equity.

Alongside external financing, the company is consistently optimizing its operations including among other initiatives recent cost reduction measures to streamline the organization and working capital measures.

This matter implies uncertainty about the company's ability to continue as a going concern, however the company's management remains confident in securing financing and expects to update the market in the current quarter ending 30 September.

Management has on this background decided to prepare the financial statements on a going concern basis.

## **Other**

### **Shares and share capital**

Linkfire A/S is a publicly listed company since June 28, 2021 and was established in 2014.

As per June 30, 2022, share capital amounted to 595,320.86 DKK, and the total number of issued shares was 59,532,086. The company has one class of shares. Each share entitles the holder to one vote at the general meetings.

In connection to the completion of the acquisition of smartURL, Linkfire issued shares related to the share component of the acquisition. In accordance with the authorization from the extraordinary general meeting held on May 28, 2021 and on the terms for acquiring smartURL that were announced on November 4, 2021, the Board of Directors resolved upon the capital increase and issuance of 1,192,864 shares in Linkfire against contribution in kind of the smartURL business.

The agreement was signed on November 4, 2021 and closed on December 14, 2021. The issuance of the shares increased the number of shares and voting rights in Linkfire from 58,339,222 to 59,532,086 on 11 January 2022. The newly issued shares are subject to a lock-up period of 12 months.

### **Shareholder structure**

A list of Linkfire's largest shareholders can be found on the company's investor website.

### **Incentive programs**

Share-based incentive programs (warrants) in place ahead of the listing on Nasdaq First North Premier Growth Market in Stockholm have been exercised.

The General Meeting of Linkfire has in the company's Articles of Association authorized the Board of Directors to establish a share-based incentive program comprising equity-settled programmes (warrants) for key employees, consultants and members of the executive management. The purpose of the program is to create possibilities for Linkfire to retain and incentivise certain key employees and consultants.

In the second quarter of 2022 the Board of Directors issued 139,393 warrants to four key employees. The Board of Directors further expects to exercise the authorisation and initiate allocations before the ordinary General Meeting 2023. The General Meeting has on two occasions allocated warrants to board members as stipulated in Linkfire's articles of association.

No further warrants have been allocated.

## **Subsequent Events and Financial Calendar**

There have not been any subsequent events after the end of the reporting period.

Interim financial report Q3, 2022                      November 24, 2022

Interim financial report Q4, 2022                      February 23, 2023

## **Contact**

investors@linkfire.com

# Glossary

## Subscription Revenue

Subscription revenue is generated from recurring subscription fees which customers pay to use the Company's platform.

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## Commission Revenue

When consumers discover music and are funneled from the Linkfire discovery layer to various Digital Service Providers, Linkfire in some cases generates commission revenue through affiliate partnerships.

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## Digital Service Providers

Stores and/or services where consumers play music, purchase other related content, or sign up for subscriptions, e.g. Apple Music, Amazon, Ticketmaster, etc.

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## Consumer Connections

Represent the number of unique visitors on Linkfire's smart links and are a key driver for Commission revenue in conjunction with the ability to monetize traffic, reflected in the RPM.

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## Commission Revenue per Mille (RPM)

RPM is an important metric to Linkfire. It represents the commission revenue generated per thousand consumer connections for the period.

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## Constant Currency

Figures on a constant currency basis are an important measure to Linkfire as the majority of revenue is made in USD. This measure highlights the clean growth, adjusted for exchange rate impact in period-to-period comparison.

# Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the interim report for the period 01.04.2022 – 30.06.2022 for Linkfire A/S.

The interim report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The Parent's financial statements have been prepared in accordance with the Danish Financial statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Parent's assets, liabilities and financial position at 30.06.2022 and of the results of the Group's activities and cash flows for the period 01.04.2022 – 30.06.2022.

We believe that the management's review contains a fair review of the affairs and conditions referred to therein.

Copenhagen, August 25, 2022

## Executive Board

**Lars Wiberg Etrup**

CEO and Co-founder

**Tobias Demuth**

CFO

## Board of Directors

**Jesper Møller**

Chairman

**Charlotte Klinge**

**Thomas Weilby Knudsen**

**Petra von Rohr**

**Ole Larsen**

# The independent auditor's review report on the interim financial statements

## To the shareholders of Linkfire A/S

We have reviewed the interim financial statements of Linkfire A/S for the accounting period 01.04.2022 to 30.06.2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies.

### Management's responsibility for the interim financial statements

Management is responsible for the preparation of interim financial statements in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial statements. We conducted our review in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish audit regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with the applicable financial reporting framework. This also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with the International Standard on Engagements to Review Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements for the accounting period 01.04.2022 to 30.06.2022 have not been prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU, and Danish disclosure requirements for listed companies.

### Emphasis on matter

We refer to note 1 to the financial statements, which states that negotiations are in progress to obtain a loan and/or capital injections from investors in the range of DKK 40-50M. The going concern of the Entity is contingent on the procurement of such funding. The outcome of these negotiations is expected to conclude by the end of September 2022. In presenting the financial statements, Management assumed that the loan and/or capital injections from investors is obtained, for which reason the financial statements have been presented on a going concern basis. As stated in note 1, this indicates that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion has not been modified with respect to this matter.

Copenhagen, August 25, 2022

Deloitte Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

### Claus Jorch Andersen

State-Authorised Public Accountant  
Identification No (MNE) mne33712

# Interim consolidated statement of comprehensive income

| kDKK  | Q2 2022         | Q2 2021         | 2022 YTD        | 2021 YTD        | FY 2021         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue   | 10,039          | 7,645           | 21,270          | 15,062          | 33,697          |
| Cost of Sales   | (3,181)         | (2,128)         | (6,348)         | (4,104)         | (9,320)         |
| <b>Gross Profit</b>   | <b>6,857</b>    | <b>5,517</b>    | <b>14,921</b>   | <b>10,957</b>   | <b>24,378</b>   |
| External Expenses   | (7,584)         | (1,852)         | (14,732)        | (4,006)         | (16,853)        |
| Other External Expenses   | -               | (6,406)         | -               | (6,406)         | (6,867)         |
| Staff Costs   | (13,560)        | (6,830)         | (26,903)        | (13,073)        | (31,170)        |
| Other staff Costs   | (1,524)         | -               | (1,524)         | -               | -               |
| Other Operating Income  | -               | -               | -               | 879             | -               |
| Depreciation, amortization and impairment losses  | (3,663)         | (1,971)         | (7,287)         | (3,939)         | (8,913)         |
| <b>Operating profit/(loss)</b>  | <b>(19,473)</b> | <b>(11,542)</b> | <b>(35,525)</b> | <b>(15,588)</b> | <b>(39,425)</b> |
| Financial Income  | 610             | 421             | 726             | 666             | 3,091           |
| Financial Expenses  | (428)           | (1,145)         | (967)           | (2,385)         | (4,743)         |
| <b>Profit/(loss) before tax</b>   | <b>(19,290)</b> | <b>(12,265)</b> | <b>(35,767)</b> | <b>(17,307)</b> | <b>(41,077)</b> |
| Tax for the year  | 1,375           | 1,341           | 2,750           | 2,601           | 5,500           |
| <b>Profit/(loss) for the year</b>   | <b>(17,915)</b> | <b>(10,924)</b> | <b>(33,017)</b> | <b>(14,706)</b> | <b>(35,577)</b> |
| Attributable to:  |                 |                 |                 |                 |                 |
| Earnings per share (DKK)  | (0.30)          | (0.32)          | (0.56)          | (0.43)          | (0.77)          |
| Earnings per share, diluted (DKK)   | (0.30)          | (0.31)          | (0.55)          | (0.42)          | (0.76)          |
| <b>Other comprehensive income</b>   |                 |                 |                 |                 |                 |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax): |                 |                 |                 |                 |                 |
| Exchange differences on translation of foreign operations   | 121             | 23              | 335             | (7)             | (476)           |
| <b>Other comprehensive income for the year, net of tax</b>  | <b>121</b>      | <b>23</b>       | <b>335</b>      | <b>(7)</b>      | <b>(476)</b>    |
| <b>Total comprehensive income for the year</b>  | <b>(17,794)</b> | <b>(10,900)</b> | <b>(32,682)</b> | <b>(14,713)</b> | <b>(36,053)</b> |

# Balance Sheet

| kDKK                            | Q2 2022        | Q2 2021        | FY 2021        |
|---------------------------------|----------------|----------------|----------------|
| <b>Assets</b>                   |                |                |                |
| <b>Non-current assets</b>       |                |                |                |
| Intangible assets               | 89,472         | 55,333         | 69,876         |
| Property, plant and equipment   | 508            | 192            | 669            |
| Right-of-use assets             | 7,140          | 2,601          | 8,688          |
| Deposits                        | 1,209          | 425            | 1,153          |
| <b>Total non-current assets</b> | <b>98,329</b>  | <b>58,551</b>  | <b>80,386</b>  |
| <b>Current assets</b>           |                |                |                |
| Trade Receivables               | 4,465          | 2,482          | 6,238          |
| Income tax receivables          | 8,250          | 7,129          | 5,500          |
| Other receivables               | 292            | 1,039          | 543            |
| Prepayments                     | 2,626          | 665            | 1,588          |
| Cash                            | 4,681          | 111,084        | 45,946         |
| <b>Total Current Assets</b>     | <b>20,314</b>  | <b>122,398</b> | <b>59,815</b>  |
| <b>Total assets</b>             | <b>118,643</b> | <b>180,950</b> | <b>140,200</b> |

# Balance Sheet

| KDKK                                 | Q2 2022        | Q2 2021        | FY 2021        |
|--------------------------------------|----------------|----------------|----------------|
| <b>Equity and liabilities</b>        |                |                |                |
| <b>Equity</b>                        |                |                |                |
| Share capital                        | 596            | 578            | 584            |
| Retained Earnings                    | 60,599         | 101,820        | 86,464         |
| Translation reserve                  | (17)           | 47             | (352)          |
| Other capital reserve                | 829            | -              | 429            |
| <b>Total Equity</b>                  | <b>62,007</b>  | <b>102,445</b> | <b>87,125</b>  |
| <b>Non-current liabilities</b>       |                |                |                |
| Interest bearing liabilities         | 20,969         | 33,393         | 21,496         |
| Lease liabilities                    | 4,240          | 1,267          | 4,958          |
| Other payables                       | 4,800          | -              |                |
| <b>Total non-current liabilities</b> | <b>30,009</b>  | <b>34,660</b>  | <b>26,454</b>  |
| <b>Current liabilities</b>           |                |                |                |
| Interest-bearing liabilities         | 4,800          | 10,585         | 7,200          |
| Contract liabilities                 | 6,795          | 6,200          | 6,166          |
| Lease liabilities                    | 3,143          | 1,388          | 3,836          |
| Trade payables                       | 6,130          | 18,905         | 4,831          |
| Other payables                       | 5,759          | 6,766          | 4,588          |
| <b>Total current liabilities</b>     | <b>26,627</b>  | <b>43,845</b>  | <b>26,621</b>  |
| <b>Total liabilities</b>             | <b>56,636</b>  | <b>78,505</b>  | <b>53,075</b>  |
| <b>Total equity and liabilities</b>  | <b>118,643</b> | <b>180,950</b> | <b>140,200</b> |



# Statement of changes in Equity

| kDKK  | Share capital | Retained earnings | Translation reserve | Other capital reserve | Total          |
|---|---------------|-------------------|---------------------|-----------------------|----------------|
| <b>Balance at 1 January, 2022</b>             | <b>584</b>    | <b>86,464</b>     | <b>(352)</b>        | <b>429</b>            | <b>87,125</b>  |
| Net profit/(loss) for the period              | -             | (33,017)          | -                   | -                     | (33,017)       |
| Other comprehensive income                    | -             | -                 | 335                 | -                     | 335            |
| <b>Total Comprehensive income</b>             | <b>584</b>    | <b>53,447</b>     | <b>(17)</b>         | <b>429</b>            | <b>54,443</b>  |
| Capital increase                              | 12            | 7,552             | -                   | -                     | 7,563          |
| Transaction cost                              | -             | -                 | -                   | -                     | -              |
| Share-based payments                          | -             | (400)             | -                   | 400                   | -              |
| <b>Balance at 30 June, 2022</b>               | <b>596</b>    | <b>60,599</b>     | <b>(17)</b>         | <b>829</b>            | <b>62,007</b>  |
| <i>During the period no dividend was paid</i> |               |                   |                     |                       |                |
| <b>Balance at 1 January, 2021</b>             | <b>108</b>    | <b>(73)</b>       | <b>124</b>          | <b>4,750</b>          | <b>4,909</b>   |
| Net profit/(loss) for the period              | -             | (14,706)          | -                   | -                     | (14,706)       |
| Other comprehensive income                    | -             | -                 | (77)                | -                     | (77)           |
| <b>Total Comprehensive income</b>             | <b>108</b>    | <b>(14,779)</b>   | <b>47</b>           | <b>4,750</b>          | <b>(9,874)</b> |
| Capital increase                              | 470           | 120,665           | -                   | -                     | 121,135        |
| Transaction cost                              | -             | (8,950)           | -                   | -                     | (8,950)        |
| Share-based payments                          | -             | 4,884             | -                   | (4,750)               | 134            |
| <b>Balance at 30 June, 2021</b>               | <b>578</b>    | <b>101,820</b>    | <b>47</b>           | <b>-</b>              | <b>102,445</b> |
| <i>During the period no dividend was paid</i> |               |                   |                     |                       |                |

# Cash flow statement

| kDKK  | Q2 2022        | Q2 2021        | 2022 YTD        | 2021 YTD       | FY 2021         |
|---|----------------|----------------|-----------------|----------------|-----------------|
| Operating Loss                                      | (19,473)       | (11,542)       | (35,530)        | (15,588)       | (39,425)        |
| Depreciation, amortization and impairment losses    | 3,663          | 1,970          | 7,287           | 3,938          | 8,913           |
| Change in working capital                           | 6,513          | 13,483         | 4,089           | 14,867         | (7,603)         |
| Share-based payment expense                         | 197            | -              | 400             | 134            | 563             |
| Gain on disposal                                    | -              | -              | -               | -              | -               |
| <b>Cash flow from ordinary operating activities</b> | <b>(9,099)</b> | <b>3,911</b>   | <b>(23,754)</b> | <b>3,351</b>   | <b>(37,552)</b> |
| Income taxes received                               | -              | -              | -               | -              | 4,528           |
| Interest paid                                       | -              | 421            | -               | 666            | 1,557           |
| Interest received                                   | (21)           | (1,109)        | (83)            | (2,349)        | (4,020)         |
| <b>Cash flow from operating activities</b>          | <b>(9,120)</b> | <b>3,224</b>   | <b>(23,837)</b> | <b>1,669</b>   | <b>(35,487)</b> |
| Development expenditures                            | (7,380)        | (3,547)        | (12,380)        | (7,079)        | (16,573)        |
| Prepaid intellectual property rights                | -              | -              | -               | -              | (8,298)         |
| Investments in property, plant and equipment        | -              | (26)           | (250)           | (129)          | (634)           |
| Change in deposits                                  | (44)           | -              | (57)            | -              | (728)           |
| <b>Cash flow from investing activities</b>          | <b>(7,424)</b> | <b>(3,573)</b> | <b>(12,687)</b> | <b>(7,208)</b> | <b>(26,233)</b> |
| Proceeds from borrowings                            | -              | 156            | -               | 5,760          | -               |
| Repayment of borrowings                             | 334            | (1,303)        | (3,312)         | (1,737)        | (8,916)         |
| Payment of principal portion of lease liabilities   | (1,019)        | (363)          | (2,031)         | (736)          | (2,424)         |
| Transaction cost from capital increase              | -              | (8,952)        | -               | (8,952)        | (8,259)         |
| Proceeds from capital increase                      | -              | 121,135        | -               | 121,135        | 125,489         |
| <b>Cash flow financing activities</b>               | <b>(685)</b>   | <b>110,673</b> | <b>(5,342)</b>  | <b>115,469</b> | <b>105,890</b>  |
| Change in cash and cash equivalents                 |                |                |                 |                |                 |
| Net cash flow                                       | (17,229)       | 110,323        | (41,866)        | 109,931        | 44,170          |
| Net foreign exchange difference                     | 422            | 8              | 601             | 370            | 994             |
| Cash, Begin   | 21,489         | 753            | 45,947          | 783            | 783             |

# Notes Glossary

- 1 Going concern
- 2 General information
- 3 Revenue specification
- 4 Share-based payment plans
- 5 Income tax
- 6 Intangible assets
- 7 Non-current liabilities and other current financial liabilities

# Notes

## **1 Going Concern**

Linkfire is in the process of securing necessary financing in the range of DKK40-50M to ensure its operations towards profitability. The financing may be conducted in one or more steps, and the Company's management is engaging in financing dialogues related to both debt and equity.

Alongside external financing, the Company is consistently optimizing its operations including among other initiatives recent cost reduction measures to streamline the organization and working capital measures.

This matter implies uncertainty about the Company's ability to continue as a going concern, however the Company's management remains confident in securing financing and expects to update the market in the current quarter ending 30 September.

Management has on this background decided to prepare the financial statements on a going concern basis.

# Notes

## 2 General information

Linkfire A/S is a limited liability company and is incorporated in Denmark. The parent company and its subsidiaries (referred to as the "Group" or "Linkfire") are on a mission to frictionlessly connect fans to the world of entertainment. Linkfire is a technology company providing marketing and promotional services within the music and entertainment industries.

### Basis of preparation

The interim report (condensed consolidated interim financial statements) for the period April 1 - June 30, 2022 has been prepared in accordance with IAS 34 "Interim financial statements" as adopted by the EU and additional requirements in the Danish Financial Statements Act. The parent company condensed interim financial statements have been included according to the Danish Executive Order on the Preparation of Interim Financial Reports.

These condensed consolidated interim financial statements incorporate the results of Linkfire A/S and its subsidiaries. The condensed consolidated interim financial statements refer to certain key performance indicators, which Linkfire and others use when evaluating the performance of Linkfire. These are referred to as alternative performance measures (APMs) and are not defined under IFRS. The figures and related subtotals give management and investors important information to enable them to fully analyze Linkfire's business and trends. The APMs are not meant to replace, but to complement the performance measures defined under IFRS.

### Accounting policies

Except for the changes below, the condensed consolidated interim financial statements have been prepared using the same accounting policies as set out in note 1 of the 2021 annual report which contains a full description of the accounting policies for the Group and the parent company. The annual report for 2021 can be found on Linkfire's website: <https://investors.linkfire.com/> and the parent company have also been prepared with the same accounting policies as set out in the note 1 of the annual report for the parent company information.

### Changes in accounting policies

No changes to the accounting policies were made in the period.

### Significant accounting judgements, estimates, and assumptions

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities.

The significant accounting judgements, estimates and assumptions applied in these consolidated interim financial statements are the same as disclosed in note 3 in the annual report for 2021 which contains a full description of significant accounting judgements, estimates and assumptions.

# Notes

## 3 Revenue Specification

|  | Q2 2022       | Q2 2021      | 2022 YTD      | 2021 YTD      | FY 2021       |
|--|---------------|--------------|---------------|---------------|---------------|
| <b>Revenue by business segment</b>   |               |              |               |               |               |
| <b>kDKK</b>  |               |              |               |               |               |
| Subscriptions  | 6,590         | 5,320        | 13,139        | 10,329        | 22,079        |
| Commissions  | 3,449         | 2,325        | 8,131         | 4,733         | 11,618        |
| <b>Total</b>   | <b>10,039</b> | <b>7,645</b> | <b>21,270</b> | <b>15,062</b> | <b>33,697</b> |
| <b>%-split</b>   |               |              |               |               |               |
| Subscriptions  | 66            | 70           | 62            | 69            | 66            |
| Commissions  | 34            | 30           | 38            | 31            | 34            |
| <b>Total</b>   | <b>100</b>    | <b>100</b>   | <b>100</b>    | <b>100</b>    | <b>100</b>    |
| <b>Geographic Information</b>  |               |              |               |               |               |
| <p>As an online platform, the Group generates revenue from customers located worldwide. For this purpose, internal reporting divides revenue according to the NAM (Northern America), the EMEA region (Europe, Middle East and Africa) as well as APAC (Asia and Oceania) and LATAM (Latin America and the Caribbean).</p> |               |              |               |               |               |
| <b>kDKK</b>  |               |              |               |               |               |
| NAM  | 6,339         | 4,375        | 13,349        | 8,663         | 19,441        |
| EMEA   | 2,493         | 2,242        | 5,269         | 4,411         | 9,573         |
| APAC   | 1,071         | 866          | 2,364         | 1,728         | 4,129         |
| LATAM  | 135           | 162          | 288           | 259           | 554           |
| <b>Total</b>   | <b>10,039</b> | <b>7,645</b> | <b>21,270</b> | <b>15,062</b> | <b>33,697</b> |
| <b>%-split</b>   |               |              |               |               |               |
| NAM  | 63            | 57           | 63            | 58            | 58            |
| EMEA   | 25            | 29           | 25            | 29            | 28            |
| APAC   | 11            | 11           | 11            | 11            | 12            |
| LATAM  | 1             | 2            | 1             | 2             | 2             |
| <b>Total</b>   | <b>100</b>    | <b>100</b>   | <b>100</b>    | <b>100</b>    | <b>100</b>    |

# Notes

## 4 Share-based payment plans

### IPO Warrant Program:

During the second quarter of 2022 the company granted 368,540 warrants to the newly appointed board members and 139,397 warrants to its employees.

No warrants were exercised under this program.

The total share based compensation expense recognised for Q2 2022 is 197 kDKK (Q2 2021: 0 kDKK).

## 5 Income tax

| kDKK   | Q2 2022      | Q2 2021      | 2022 YTD     | 2021 YTD     | FY 2021      |
|--|--------------|--------------|--------------|--------------|--------------|
| Current tax for the year income  | 1,375        | 1,341        | 2,750        | 2,601        | 5,500        |
| Changes in deferred tax  | -            | -            | -            | -            | -            |
| Recognized as receivable tax credit  | 8,250        | 7,129        | 15,125       | 12,916       | 5,500        |
| Income tax benefits for all periods relate to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act. |              |              |              |              |              |
| Tax calculated as 22% of profit/loss before tax  | 4,244        | 2,698        | 7,869        | 3,807        | 9,036        |
| Non-capitalised tax assets   | (2,769)      | -            | (4,919)      | -            | (2,025)      |
| Non-deductible expenses  | (100)        | (1,357)      | (200)        | (1,207)      | (1,511)      |
| <b>Effective tax</b>   | <b>1,375</b> | <b>1,341</b> | <b>2,750</b> | <b>2,601</b> | <b>5,500</b> |
| <b>Tax rate for the year (%)</b>   | <b>7.1%</b>  | <b>10.9%</b> | <b>7.7%</b>  | <b>15.0%</b> | <b>13.8%</b> |

Due to uncertainty of utilization of the tax loss carry-forward, the Group has not recognised any deferred tax assets.

# Notes

## 6 Intangible Assets

| kDKK   | Acquired<br>Intellectual<br>Property Rights | Completed<br>development<br>projects | Development<br>projects in<br>progress | Total           |
|--|---|--------------------------------------|--|-----------------|
| Cost at 1 April 2022                               | 20,685                                      | 74,979                               | 5,001                                  | 100,665         |
| Transfers  | -   | -                                    | -                                      | -               |
| Additions  | -   | -                                    | 7,380                                  | 7,380           |
| <b>Cost at 30 June 2022</b>                        | <b>20,685</b>                               | <b>74,979</b>                        | <b>12,380</b>                          | <b>108,045</b>  |
| Amortization and impairment at 1 April 2022        | -   | (15,988)                             | -                                      | (15,988)        |
| Amortization during the year                       | -   | (2,586)                              | -                                      | (2,586)         |
| <b>Amortization and impairment at 30 June 2022</b> | <b>-</b>                                    | <b>(18,573)</b>                      | <b>-</b>                               | <b>(18,573)</b> |
| <b>Carrying amount at 30 June 2022</b>             | <b>20,685</b>                               | <b>56,406</b>                        | <b>12,380</b>                          | <b>89,473</b>   |
| Cost at 1 April 2021                               | -   | 55,765                               | 6,173                                  | 61,938          |
| Transfers  | -   | -                                    | -                                      | -               |
| Additions  | -   | -                                    | 3,547                                  | 3,547           |
| <b>Cost at 30 June 2021</b>                        | <b>-</b>                                    | <b>55,765</b>                        | <b>9,720</b>                           | <b>65,485</b>   |
| Amortization and impairment at 1 April 2021        | -   | (8,527)                              | -                                      | (8,527)         |
| Amortization during the year                       | -   | (1,625)                              | -                                      | (1,625)         |
| <b>Amortization and impairment at 30 June 2021</b> | <b>-</b>                                    | <b>(10,152)</b>                      | <b>-</b>                               | <b>(10,152)</b> |
| <b>Carrying amount at 30 June 2021</b>             | <b>-</b>                                    | <b>45,613</b>                        | <b>9,720</b>                           | <b>55,333</b>   |



# Notes

## **7 Non-current liabilities and other current financial liabilities**

### **Lease Liabilities:**

Non-current and current lease liabilities of DKK 4.2M and DKK 3.1M, respectively

## **8 Guarantees, contingent liabilities and collateral**

The group has provided a bank guarantee to Euroclear of DKK 145k.

In order to secure the Company's balance with Danske Bank, a mortgage has been granted with mortgages in simple receivables, operating inventories and equipment and intellectual property rights at a total book value of DKK 94,755k (Q2 2021: DKK 59,046k).

# Interim statement of comprehensive income for the parent company

| kDKK   | Q2 2022         | Q2 2021         | 2022 YTD        | 2021 YTD        | FY 2021         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue  | 10,039          | 7,645           | 21,269          | 15,062          | 33,697          |
| Cost of sales                                    | (3,181)         | (2,128)         | (6,348)         | (4,104)         | (9,320)         |
| External expenses                                | (14,699)        | (5,100)         | (27,635)        | (10,322)        | (32,835)        |
| Other external expenses                          | -               | (6,406)         | -               | (6,406)         | (6,867)         |
| <b>Gross profit</b>                              | <b>(7,842)</b>  | <b>(5,989)</b>  | <b>(12,714)</b> | <b>(5,771)</b>  | <b>(15,324)</b> |
| Staff costs                                      | (7,748)         | (4,028)         | (16,342)        | (7,575)         | (17,754)        |
| Other staff Costs                                | (1,524)         | -               | (1,524)         | -               | -               |
| Depreciation, amortization and impairment losses | (2,652)         | (1,634)         | (5,299)         | (3,268)         | (6,576)         |
| <b>Operating profit/(loss)</b>                   | <b>(19,766)</b> | <b>(11,651)</b> | <b>(35,879)</b> | <b>(16,614)</b> | <b>(39,654)</b> |
| Financial income                                 | 644             | 421             | 657             | 342             | 1,888           |
| Financial expenses                               | (362)           | (1,108)         | (671)           | (1,986)         | (4,232)         |
| <b>Profit/(loss) before tax</b>                  | <b>(19,484)</b> | <b>(12,338)</b> | <b>(35,893)</b> | <b>(18,258)</b> | <b>(41,998)</b> |
| Tax for the year                                 | 1,375           | 1,341           | 2,750           | 2,601           | 5,500           |
| <b>Profit/(loss) for the year</b>                | <b>(18,109)</b> | <b>(10,996)</b> | <b>(33,143)</b> | <b>(15,657)</b> | <b>(36,498)</b> |

# Balance sheet

| kDKK   | Q2 2022        | Q2 2021        | FY 2021        |
|--|----------------|----------------|----------------|
| <b>Assets</b>                                    |                |                |                |
| Completed development projects                   | 56,407         | 45,613         | 61,578         |
| Development projects in progress                 | 12,380         | 9,720          | -              |
| Acquired Intellectual Property Rights            | 20,685         | -              | 8,298          |
| <b>Total intangible assets</b>                   | <b>89,472</b>  | <b>55,333</b>  | <b>69,876</b>  |
| Other fixtures and fittings, tools and equipment | 388            | 97             | 516            |
| <b>Total property, plant and equipment</b>       | <b>388</b>     | <b>97</b>      | <b>516</b>     |
| Deposits   | 506            | 426            | 508            |
| <b>Total fixed asset investments</b>             | <b>506</b>     | <b>426</b>     | <b>508</b>     |
| <b>Total fixed assets</b>                        | <b>90,366</b>  | <b>55,856</b>  | <b>70,900</b>  |
| Trade receivables                                | 4,465          | 2,482          | 6,238          |
| Other receivables                                | 136            | 1,005          | 448            |
| Income tax receivables                           | 8,250          | 7,129          | 5,500          |
| Prepayments                                      | 2,626          | 663            | 1,588          |
| <b>Total receivables</b>                         | <b>15,477</b>  | <b>11,279</b>  | <b>13,774</b>  |
| Cash   | 3,473          | 110,754        | 45,083         |
| <b>Total current assets</b>                      | <b>18,950</b>  | <b>122,033</b> | <b>58,858</b>  |
| <b>Total assets</b>                              | <b>109,316</b> | <b>177,889</b> | <b>129,758</b> |

# Balance sheet

| kDKK   | Q2 2022        | Q2 2021        | FY 2021        |
|--|----------------|----------------|----------------|
| <b>Equity and liabilities</b>                                    |                |                |                |
| Share capital  | 595            | 578            | 583            |
| Reserve for development costs                                    | 68,787         | 43,150         | 61,578         |
| Retained earnings  | (9,690)        | 57,154         | 23,110         |
| <b>Total equity</b>  | <b>59,693</b>  | <b>100,882</b> | <b>85,271</b>  |
| Interest bearing liabilities                                     | 20,969         | 33,393         | 21,496         |
| Other payables   | 4,800          | -              | -              |
| <b>Total non-current liabilities</b>                             | <b>25,769</b>  | <b>33,393</b>  | <b>21,496</b>  |
| Current portion of non-current liabilities other than provisions | 4,800          | 2,289          | 7,200          |
| Interest bearing liabilities                                     | -              | 8,296          | -              |
| Prepayments from customers                                       | 6,795          | 6,200          | 6,166          |
| Trade payables   | 6,196          | 18,894         | 4,800          |
| Payables to group enterprises                                    | 1,473          | 1,293          | 1,258          |
| Other payables   | 4,591          | 6,642          | 3,567          |
| <b>Total current liabilities</b>                                 | <b>23,855</b>  | <b>43,614</b>  | <b>22,990</b>  |
| <b>Total liabilities</b>   | <b>49,624</b>  | <b>77,007</b>  | <b>44,487</b>  |
| <b>Total equity and liabilities</b>                              | <b>109,316</b> | <b>177,889</b> | <b>129,758</b> |

# Statement of changes in Equity

| kDKK                                   | Share capital | Share premium  | Reserve for development costs | Retained earnings | Total          |
|--|---------------|----------------|-------------------------------|-------------------|----------------|
| <b>2022</b>                            |               |                |                               |                   |                |
| Equity beginning of period             | 583           | -              | 61,578                        | 23,110            | 85,271         |
| Increase of capital                    | 12            | 7,552          | -                             | -                 | 7,563          |
| Transferred from share premium         | -             | (7,552)        | -                             | 7,552             | -              |
| Transfer to reserves                   | -             | -              | 7,209                         | (7,209)           | -              |
| Transaction cost from capital increase | -             | -              | -                             | -                 | -              |
| Proposed dividend                      | -             | -              | -                             | -                 | -              |
| Profit/(loss) for the period           | -             | -              | -                             | (33,142)          | (33,142)       |
| <b>Equity end of period</b>            | <b>595</b>    | <b>-</b>       | <b>68,787</b>                 | <b>(9,690)</b>    | <b>59,692</b>  |
| <b>2021</b>                            |               |                |                               |                   |                |
| Equity beginning of period             | 108           | -              | 40,173                        | (35,925)          | 4,356          |
| Increase of capital                    | 470           | 120,957        | (292)                         | -                 | 121,135        |
| Transferred from share premium         | -             | -              | -                             | -                 | -              |
| Transfer to reserves                   | -             | -              | 2,977                         | (2,977)           | -              |
| Transaction cost from capital increase | -             | -              | -                             | (8,952)           | (8,952)        |
| Proposed dividend                      | -             | -              | -                             | -                 | -              |
| Profit/(loss) for the period           | -             | -              | -                             | (15,657)          | (15,657)       |
| <b>Equity end of period</b>            | <b>578</b>    | <b>120,957</b> | <b>42,858</b>                 | <b>(63,511)</b>   | <b>100,882</b> |