

## **Hypefactors A/S**

Kronprinsessegade 8 B, 4. sal, 1306 København K  
CVR-nr.: 36 68 26 04

### **Half-year Report, H1-2021 (01.01.2021-30.06.2021)**

## Company Information

### The Company

Hypefactors A/S  
Kronprinsessegade 8 B, 4. sal  
1306 København K  
Telefon: 31152424  
E-mail: [info@hypefactors.com](mailto:info@hypefactors.com)  
Website: [www.hypefactors.com](http://www.hypefactors.com)  
CVR-nr.: 36 68 26 04

**Reporting period:** 1. January - 30. June 2021

**Founded:** 12. March 2015

**Domicile:** Copenhagen

### Board of Directors:

Pierre-André Montjovet, Chairman of the Board  
Martin Michael Hansen  
Kasper Hülsen  
Casper Janns

### Executive Board:

Casper Janns

### Auditor:

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup  
(This report has not been subject to audit or review)

## About the financial statement

The report for Hypefactors A/S, for the first half of 2021, has been prepared in accordance with the provisions of the Danish Financial Statements Act for companies in accounting class B with the option of individual rules in class C. The report has been prepared in accordance with the same accounting policies as before, including in the annual report for 2020. The report has not been subject to audit or review.

## Key activities

Hypefactors is a software company that delivers a media intelligence tech platform (SaaS), primarily used by management, marketing and communications specialists. The platform is used for better media intelligence and reputation management. Through an integrated solution, Hypefactors empowers clients to make more informed decisions and bridge the gap between communications, marketing and management when it comes to managing the increasingly important aspect of reputation management.

Clients are provided with a complete overview of how their company, brands, competitors and industry are mentioned by third-party across editorial and social media. Hypefactors utilizes its artificial intelligence (AI) to turn unstructured big data into smart data and unique insights for its clients. Hypefactors combine data, analytics, technology and tools to provide a unified and easy-to-use experience, incl. advanced analytics. The Hypefactors' platform includes national and global media monitoring, analytics, media reporting, media database, digital newsrooms and news distribution. The artificial intelligence (AI) and machine learning driven solution helps organizations improve the performance, save time and reduce costs. The company is listed on Nasdaq First North Growth Market in Denmark.

## Developments

Revenue for the period amounted to DKK 2,530m compared to DKK 1,971m in H1/2020, corresponding to an increase of 28%. Hypefactors reached an annual recurring revenue (ARR) of DKK 5,7m as per June 30, 2021, (June 30, 2020: 3,7m) which is an increase over the last twelve months of 54%.

Earnings before interest, tax, depreciation and amortization (EBTIDA) amounted to a negative of DKK 2,231m compared to H1/2020 which showed a negative EBTIDA of DKK 2,887m.

More enterprise clients signed up for Hypefactors, incl. NNIT, Chr. Hansen and Saxo Bank. More than 17,500 companies and other organizations now use one or more parts of Hypefactors' platform; the majority of them is on a 'freemium' solution. For H1/2021, the main commercial focus was on direct sales to enterprise clients utilizing the full media intelligence platform from day one.

The period was still commercially affected by the Covid19. Especially focus markets UK and Portugal were negatively affected by lockdowns, postponing dialogues with potential customers

## Technology assets

Hypefactors is innovative media intelligence tech, developed with artificial intelligence and machine learning, that makes the effect of communication measurable and the workflows more automated and

easier for users. The company kept investing in technology by improving the total media intelligence platform, adding more data, more automation and more AI, all adding to the value of the company's technology assets.

When it comes to data, the crawler capacity for Hypefactors unique and inhouse developed news media crawler were expanded by 200%, making millions of new sources available for the users.

In regard to automation and flexibilities of the platform, several innovations and improvements were included. E.g. automatic notifications on media updates can be now set on a very refine schedule and reach-outs to journalists can be scheduled to any desirable moment.

For artificial intelligence, more innovations were implemented: A completely new print media data processing engine, now equipped with a hybrid computer vision AI that synergizes machine-learned AIs with symbolic reasoning AIs (e.g. automated theorem provers also used by Intel and AMD during chip development). The new engine is heavily multi-lingual and automatically adapts to unseen print sources using its symbolic reasoning AI. Both benefits expedite future commercial rollouts to other markets.

Hypefactors' advertisement detection AI cleaning earned news media data got updated, adjusting for recent new advertising trends, as well as increasing its ability to reason multi-lingually.

Major advances in our extremely important reputation AI were on the agenda. Through both algorithmic advances in machine learning, as well as drastically increased data curated by a team of in-house recruited linguists with language and cultural backgrounds world-wide, Hypefactors are set to release this new AI in Q3 2021. It incorporates the latest scientific advances in natural language processing from to deliver unprecedented accuracy, precision and automation to commercial end-users.

## **Outlook**

The demand for comprehensive media intelligence tech solutions is expected to continue to grow and the company is experiencing substantial interest in the market to access a media intelligence solution that is better, cheaper or both compared to traditional press clippings solutions. The turbulence and uncertainties surrounding the covid-19 related changes in macro- and microeconomic matters, seems to be decreasing which is expected to have a positive effect on demand. The short-term financial ambition is still to become 'cashflow positive', understood as invoiced revenue exceeding operating costs.

For H2/2021, Hypefactors has the ambition to launch API solutions, making the combination of global media data, automation and enrichments by powerful AI's, available for integration directly into other existing IT infrastructure or platforms. This will make the technology available for more users and could provide additional revenue streams.

## **Events after the balance sheet date**

There have been no events after the balance sheet date with material impact, that have a significant influence on the assessment of the half-year report.

## Income statement 1. January – 30. June

DKK	1H2021	1H2020
<b>Net turnover</b>	<b>2,529,778</b>	<b>1,970,937</b>
Capitalized development	3,002,280	1,089,832
Direct costs	-2,115,657	-1,853,747
Other external costs	-1,096,130	-807,600
<b>Gross profit</b>	<b>2,320,271</b>	<b>399,422</b>
Staff costs	-4,551,396	-3,286,903
<b>EBITDA</b>	<b>-2,231,125</b>	<b>-2,887,481</b>
Depreciations	-2,340,300	-1,847,922
Financial items	-412,536	-191,613
<b>Profit before tax</b>	<b>-4,983,961</b>	<b>-4,927,016</b>
Tax	0	1.083.944
<b>Net profit</b>	<b>-4,983,961</b>	<b>-3,843,072</b>

### Attributable to shareholder of Hypefactors A/S

Earnings per share, basic (DKK)	-0.52	-0.44
Earnings per share, diluted (DKK)	-0.51	-0.44

## Balance sheet, 30. June

### ASSETS

DKK	1H2021	2020
Intangible assets	12,722,320	11,852,513
Tangible assets	96,918	93,248
Financial assets	233,940	233,940
<b>FIXED ASSETS</b>	<b>13,053,178</b>	<b>12,179,701</b>
Receivables	2,863,991	1,848,507
Cash	1,346,419	189,756
<b>CURRENT ASSETS</b>	<b>4,210,410</b>	<b>2,038,263</b>
<b>TOTAL ASSETS</b>	<b>17,263,588</b>	<b>14,217,964</b>

**EQUITY AND LIABILITIES**

<b>DKK</b>	<b>1H2021</b>	<b>2020</b>
Share capital	955,250	866,884
Retained earnings	-1,702,465	-3,130,139
<b>Total Equity</b>	<b>-747,215</b>	<b>-2,263,255</b>
Tax provision	0	0
<b>Provisions</b>	<b>0</b>	<b>0</b>
Long term debt	3,500,000	296,748
Short term debt	14,510,803	16,184,471
<b>Total debt</b>	<b>18,010,803</b>	<b>16,481,219</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,263,588</b>	<b>14,217,964</b>

## Statement of changes in Equity 2021, H1

DKK

	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1. Jan	866,884	-	11,149,455	-14,279,594	-2,263,255
Cash capital increase	88,366	6,411,635	-	-	6,500,001
Development cost for the period	-	-	3,002,280	-3,002,280	-
Depr. and impairments for the period	-	-	-2,340,300	2,340,300	-
Profit/loss for the year	-	-	-	-4,983,961	-4,983,961
Transferred from share premium	-	-	-	-	-
Equity 30. June	955,250	-	11,811,435	-19,925,535	-747,215

## Statement of changes in Equity 2020

DKK

	Share capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1. Jan	866,884	-	11,267,384	-5,122,615	7,011,653
Cash capital increase	-	-	-	-	-
Development cost for the period	-	-	1,089,832	-1,089,832	-
Depr. and impairments for the period	-	-	-1,847,922	1,847,922	-
Profit/loss for the year	-	-	-	-3,843,072	-3,843,072
Transferred from share premium	-	-	-	-	-
Equity 30. June	866,884	-	10,509,294	-8,207,597	3,168,581



## Notes

### Accounting policies

The report for Hypefactors A/S, for the first half of 2021, has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C

The accounting policies applied are unchanged compared to before.

The accounts are presented in DKK.

### General information on recognition and measurement

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

Assets are recognized 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 recognized 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date

### Foreign currency translation

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 recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized 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 recognized in financial income and expenses in the income statement.

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

## **Income statement**

### **Net turnover**

Services are recognized 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 Company. Revenue is recognized linearly over the contract period.

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

### **Other external costs**

Other external expenses comprise expenses sales as well as office expenses, etc.

### **Gross profit**

The gross profit is calculated with reference to section 32 of the Danish Financial Statements Act as a summary of net turnover, work performed for own account and capitalized under assets, direct costs and other external costs.

### **Staff costs**

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

### **Depreciation and impairments**

Depreciation and impairments include the year's depreciation and impairments of intangible fixed assets.

### **Financial items**

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

### **Tax on profit for the period**

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 recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity. The company is jointly taxed with Building ApS.

### **Balance sheet**

#### **Intangible assets**

Development costs include salaries and other costs that can be directly and indirectly attributed to the company's development activities. Development projects that are clearly defined and identifiable, where the degree of technical utilization, sufficient resources and a potential future market or development opportunity in the company can be demonstrated, and where the intention to manufacture, market or use the project are recognized as intangible fixed assets, if sufficient assurance that the capital value of the future earnings can cover administration costs as well as the development costs themselves.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as costs in the income statement, as the costs are incurred.

Capitalized development costs are measured at cost less accumulated depreciation and impairments or recoverable amount if this is lower. Development projects are depreciated on a straight-line basis over the economic useful life, which is estimated at 5 years.

Development projects that are still considered to be under construction are not depreciated. However, a review and assessment are still being made of whether there has been an impairment that necessitates a write-down, cf. the section below on "Impairment of fixed assets".

Development costs that are recognized for the first time in the balance sheet in the financial year 2016 or later are recognized directly in equity under the item "Reserve for development costs". Deduction of depreciation of these development costs is also made directly on equity under the same item "Reserve for development costs".

Development costs and costs for internally earned rights are recognized in the income statement as costs.

#### **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 amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the

smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets where it is not possible to calculate any independent capital value, as the asset itself does not generate future cash flows, are assessed for impairment together with the group of assets to which they can be attributed.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments (asset)**

Prepayments recognized under assets include prepaid expenses relating to subsequent financial years.

### **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, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, 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 crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognized 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.

### **Financial liabilities**

Liabilities are measured at amortized cost, which essentially corresponds to the nominal value.

### **Deferred income (liability)**

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